

Internship Report

On

Audit Procedure of Verification of Alternative Cash Assistance of ACNABIN Chartered Accountants



We can make you

BIG



Submitted To:

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Submission date: 31^h August, 2015

Letter of Transmittal

31 August 2015

Ms. Nusrat Hafiz

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Subject: Submission of Internship report.

Dear Madam,

In connection of my practical orientation in ACNABIN Chartered Accountants, I would like to submit the report of my internship program to you on “**Audit Procedure of verification of Alternative Cash assistance of ACNABIN Chartered Accountants**”.

It is a great pleasure for me to present this report. ACNABIN Chartered Accountants provides various facilities under the various departments. I acknowledge my shortcomings but I have given my maximum effort to gather as much relevant information as possible and present it in more representative way.

I, therefore, convey my appreciations to you for your kind cooperation, supervision and advice in conducting and preparing this report. I have completed the whole program with great interest. I hope you will assess my report considering the limitations of the study.

Sincerely Yours,

Md. Rakibul Hassan Nayon

ID: 11104095

BRAC Business School

BRAC University

Letter of Approval

This is to certify that **Md. Rakibul Hassan Nayon** is a student of BRAC Business School, BRAC University Dhaka, successfully completed his “Internship Report” entitled “**Audit Procedure of verification of Alternative Cash assistance of ACNABIN Chartered Accountants**” under my supervision.

He has done his job according to my suggestion and guidance. He has tried his best to do this successfully. I think this program will help him in the future to build up his career.

I wish his success and prosperity.

Nusrat Hafiz

Lecturer

BRAC Business School

BRAC University, Dhaka

Acknowledgement

Firstly, I must express my gratitude to the Almighty Allah who gave me the opportunity to complete the internship program successfully.

I would like to express my special appreciation and thanks to my supervisor Nusrat Hafiz, Lecturer of BRAC Business School, BRAC University, Dhaka, you have been a tremendous mentor for me. I would like to thank you for encouraging my report. Your advice on report has been priceless. I would also like to thank other faculty members who have taught me over last four years of my university life.

I would like to convey my utmost appreciation to Rubaiyath Ara, Deputy Manager , ACNABIN Chartered Accountants for her sincere guidance and supervision. Special thanks to Amitav Deb Nath, Senior Manager, BRAC Bank Limited, Nazia Turin, and Jamil Kibria, Article student of ACNABIN Chartered Accountant for giving me instruction to do my report more professional.

I would also like to thank all of my friends who supported me in writing. All my friends spread their hands to help me in every ways. In every step of this research work, their contributions are unforgettable.

Finally, I thank to my organization, BRAC University and Office of Career Services and Alumni Relations (OCSAR) for giving me the opportunity of self-development through practical experience.

Executive Summery

This report titled “**Audit Procedure of verification of Alternative Cash assistance of ACNABIN Chartered Accountants**” is an outcome of BBA internship program. Such programs facilitate us to apply our understanding of the theoretical knowledge in the practical field. This report contains the details of the audit practice followed by ACNABIN Chartered Accountants for the incentive purpose given by Bangladesh Government to the exporters.

ACNABIN has a good working relationship with many international and national consulting firms for providing services to clients in Bangladesh. ACNABIN has been ranked number one Audit firm in the country for audit of banks and financial institutions by the Central Bank of Bangladesh (Bangladesh Bank) in November 2010. United States Office of Regional Inspector General/Audit, Singapore, approved ACNABIN to perform financial audits of USAID fund recipients in Bangladesh in November 2010.

In these twelve weeks internship program, I worked in the Cash Incentive Audit department of the firm where my key responsibility was to verify Alternative Cash Assistance files and prepare related working paper files. Therefore, the main point of this study is mainly concerned with the knowledge that I gained working in this department that is gathered from my trainings and personal experiences.

In this report, introductory part consists of an introduction, objectives, scope, limitations and methodology of the study. The secondary part of this report discussed about ACNABIN. In the third part I have discussed the audit procedures of ACNABIN in details. In the following part I have discussed about the procedure of verifying the cash incentive files, terms and condition of Bangladesh bank, saving of Bangladesh bank as well. Later on, I have included a case study.

Table of Contents

Chapter One	9
1.1 Introduction	10
1.2 Objectives of the Project.....	10
1.3 Methodology	11
1.4 Scope of the Study	13
1.5 Limitations of the Study	13
Chapter Two	14
2.1 Introduction	15
2.2 History	16
2.2.1 Firms Profile:	16
2.2.2 EXISTING PARTNERS AND THEIR AREA OF SPECIALIZATION:	17
2.2.3 HUMAN RESOURCES:	17
2.3 Vision, Mission and Strategic Intent	18
2.4 Service Offerings	19
A. Audit and Assurance,	19
B. Tax and Legal Advice:.....	19
C. Advisory:	20
D. Consultancy.....	21
E. Outsourcing:.....	21
2.5 Clients of ACNABIN from different sectors:.....	23
2.6 Operational Organogram of ACNABIN.....	24
2.7 Training	25
Chapter Three	26
3.1 Engagement Procedures	27
3.1.1 Engagement with new client:.....	27
3.1.2 Engagement with existing client:	28
3.1.3 Directly appointed by the client:	28
3.2 Audit Procedures Followed By ACNABIN	29
Chapter Four	31
4.1 Introduction	32
4.2 History of Cash Incentive in Bangladesh.....	33
4.3 Reasons for giving Cash Incentive Facility.....	34
4.4 Sectors in Which Cash Incentive is Given	35
4.5 Conditions for Availing Cash Incentive facilities	36

Chapter Five	37
5.1 About Cash Incentive Audit.....	38
5.2 Procedure of Cash Incentive Audit	39
5.2.1 Application for cash incentives submitted by the exporter.....	40
5.2.2 The application is officially received by the bank	40
5.2.3 Letter issued by the bank to the concerned partner	40
5.2.4 Commencement of the cash incentive audit	40
5.2.5 Preparation of the working file	41
5.2.6 Review of the working file	41
5.2.7 Preparation of control sheet and cross checking of the working file	41
5.2.8 Partner's review and signature	41
5.2.9 The certificate is submitted to the bank	42
Chapter Six	43
6.1 Cash Incentive Is Provided As Per Bangladesh Bank Requirements	44
6.1.1. A. Application receive	45
6.1.1. B. Verification of application.....	45
6.1.1. C. Calculation of cash subsidy against application and disbursement.....	46
6.1.1. D. Collection of impressed fund from Bangladesh Bank to pay subsidy	47
6.1.2. Other related conditions.....	48
6.1.3 Recent announcement of cash incentive rates.....	49
6.1.4 Calculation for different sectors	50
6.2 Certificate by Auditor Duly Complied With Bangladesh Bank	51
6.2.1 Calculation of maximum acceptance value (for RMG and textile sector only)	51
6.2.2 Rate of incentive is properly followed or not	51
6.2.3 Wastage calculation, properly done or not	51
6.2.4 Audit Delays performed	52
Chapter Seven	53
7.1 Bangladesh Bank Saves Money by Appointing External Auditor	54
7.1.1 Audit fees taken by farm.....	54
7.1.2 Calculation of net savings or loss by Bangladesh Bank.....	54
7.2 Cash Incentive Facility is Instrumental in Promoting Export	55
Chapter Eight	61
8.1 Summary of Findings and analysis	62
Chapter Nine	64
9.1 Practical Work Experiences:.....	65

9.2 Case Studies:	65
1. J K Knit Composite.....	66
2. Tanim Knit Composite	66
3. Partex Denim Mills Ltd.....	67
4. BIG Boss Corporation	67
5. Well Fashion Ltd.....	68
9.3 Net Savings of Bangladesh Bank:	68
9.4 Audit Delay.....	68
9.5 Critical Observation	69
<i>Chapter Ten</i>	70
Recommendations	71
<i>Chapter Eleven</i>	72
Conclusion.....	73
<i>Chapter Twelve</i>	74
<i>References</i>	75
<i>Chapter Thirteen</i>	77
Appendix A: Factory Visit Checklist.....	78
Appendix B: Check List for Cash Incentive File	80
Appendix C: Process of preparing working paper file.....	81
Calculation first page:	81
Calculation 2 nd Page:	83
Query Regarding the file of Salim and Brothers:	84
Submission of Certificate	85
Appendix D: Initial Check of a File.....	86
Annexure A.....	87
Calculation	88
Query of initial Check:.....	89

Chapter One

1.1 Introduction

Without having any practical experience besides academic education, it is quite impossible for student to compete with other students as well as it is difficult to achieve goal. Internship is an opportunity where a student can have a practical knowledge or experience by working in an organization. In order to have an experience, we are the student of BRAC Business School, BRAC University have to undertake twelve week internship program at any organization.

As a part of my BBA program, this internship program gave me the opportunity to gain practical knowledge on how a Chartered Accountants firm operates in Bangladesh. I choose ACNABIN Chartered Accountants firm which is a prominent CA firm in Bangladesh. I have worked in Verification of alternative cash assistance department of ACNABIN Chartered Accountants.

As I have worked in Verification of alternative cash assistance department, which I choose to complete my internship report on. This study helps me to observe and perform the audit procedure of Verification of alternative cash assistance department. Throughout my whole report I will explain about the gain experience by working in Verification of alternative cash assistance department.

1.2 Objectives of the Project

In our study period we only gain theoretical knowledge and internship given us the opportunity to gain practical knowledge. Theory and practical knowledge has a huge difference. To reduce the gap between our theory and practical knowledge it is important to work in an organization. Though internship is a pre-requisite for completing our graduation, it is given us a big opportunity to gain practical knowledge.

The purpose of internship placement are:

- ❖ Internship given us the opportunity to gain practical knowledge.
- ❖ Internship increase our adaptability in an organization.
- ❖ This opportunity helps to know the audit of Alternative Cash Incentive and its procedure.
- ❖ Know how to find whether cash incentive is provided as per Bangladesh Bank rate requirement / circular in specific sector or not.

- ❖ Learn how to examine whether calculation of provided certificate by auditor duly complied with Bangladesh Bank or not.
- ❖ Examining whether Bangladesh Bank can save money by appointing external auditors rather than Bank calculation or not.
- ❖ Evaluating whether the cash incentive facilities are instrumental in promoting export of Bangladesh.

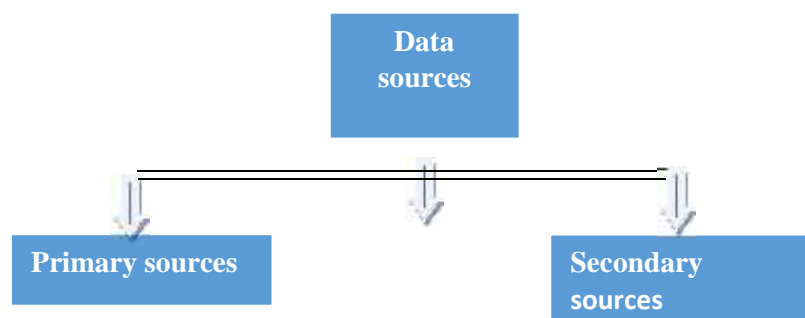
1.3 Methodology

For preparing this report, I had to resort different circulars of Bangladesh Bank about cash incentive and documents submitted along with applicant's file. To complete the study I have used both primary and secondary data.

Data collection

Several times I had to go for personal contract with applicants, beneficiaries of cash incentive, concerned bank, senior students of the audit firm etc. I have visited three times Gazipur & Narayanganj for physical verification of factories.

According to the sources of data, it can be classified at two sectors:



Primary Sources of Information (From ACNABIN Chartered Accountants):

- ❖ Direct conversation with clients.
- ❖ Meet up query with logical discussion with client.
- ❖ Working with different audit teams.
- ❖ Discussing with engagement partner, audit managers and audit staffs.
- ❖ Interviewing the client about their cash incentive plan.
- ❖ Observation during physical factory visit.

Secondary Sources of Information:

- ❖ Annual audit report, management audit report, accounting system & audit working papers.
- ❖ Circular's published by Bangladesh Bank.
- ❖ Journal published by board of Investment(BOI)
- ❖ ICAB manual
- ❖ Relevant statistics of Export promotion bureau (EPB) and Bangladesh Bureau of Statistics.

Data processing

The data then has been processed manually and use qualitative approach has been used through the study. For example, some tables and diagrams have to be made to input the raw data and process these to reach my objective.

Then the following actions have to be performed:

- ❖ Cross checking between auditors provided certificate and Bangladesh Bank's specified rate requirement for different sector.
- ❖ Collect and use the technique and procedure of cash incentive audit used by ICAB.
- ❖ Check the accuracy of calculation of cash incentive of auditors performed recently on 5 or 6 companies.

Data analysis and interpretation

Qualitative approach has been adopted for data analysis and interpretation taking the processed data as the base. So the report relies primarily on an analytical judgment and critical reasoning. This evaluation has been done on the processed 5 or 6 companies. Another evaluation has been done on the increased/decreased percentage of contribution to total export on before getting cash incentive and after getting cash incentive. Then all of the processed data have been accumulated to complete the whole report. For referencing, Harvard method has been followed in the report.

1.4 Scope of the Study

Cash Incentive Audit has to conduct by the external auditor according to the requirement of Bangladesh Bank. For this reason Bangladesh Bank published Terms of Reference (TOR) for auditors, which specifies what would be the responsibility of the auditor to conduct this audit. At that time the auditors have to follow the Foreign Exchange (F/E) circulars published by Bangladesh Bank as guidelines to do this audit. Other these there is an audit procedure of cash incentive which is not as like as other audit procedure. These circulars, TOR and the audit procedure should be followed for the accomplishment of the study and to prepare this report.

1.5 Limitations of the Study

Many facilities have been availed and some obstacles have been faced during the study. These obstacles may be termed as limitations of the study.

Some of the limitations are as follows:

- ❖ As an independent audit firm the information of the case study is not adequate for this kind of study. To some extent, the exact audit procedure is not followed due to time and other constrains.
- ❖ In some cases I was given limited responsibility as I was the most junior among the students. Basically, seniors met up the queries with client so it was not possible for me to gain complete knowledge audit procedure of verification of alternative cash assistance of ACNABIN Chartered Accountants.
- ❖ Auditors can only verify the documents submitted by the applicant in support of application, but they cannot identify whether those documents were collected in fair way or not.
- ❖ Ever-changing circulars of Bangladesh Bank hamper the consistency of cash incentive audit and slow the pace of audit work.
- ❖ Sometimes client fail to edit data (e.g. any wrong is done by shipping bill ,client fail to correct)
- ❖ As the internship is the first practical experience, it is not possible for a person to know all and everything of audit procedure.
- ❖ Many procedural matters were conducted directly in the operations by the top management level which may also gave some sort of restriction.
- ❖ There is a great chance of manipulation done by client.

Chapter Two

***ACNABIN Chartered
Accountants***

2.1 Introduction

According to the Bangladesh Bank for auditing Banks and Non-Bank Financial Institutions Approved on 31 December, 2013, ACNABIN Chartered Accountants is the number one ranked among the CA Firms in Bangladesh (CA In Bangladesh, 2014).

Because of the global affiliations ACNABIN and its people obtain training and stay up-to-date information. Currently, ACNABIN is an independent member firm of Baker Tilly International, an international accounting network of 154 firms in 133 countries 27000 people in 693 offices (Baker Tilly International, 2015).

From the starting of the firm ACNABIN has been successfully providing market survey, consultancy services to clients actively involved in industry, management review, microfinance , health, education, agriculture in private, NGO sectors in Bangladesh as well as to various UN agencies. ACNABIN has been hired by various governmental and non-governmental organizations to carry out consultancy services for donor aided development projects. Many of those engagements involved projects funded by international agencies such as the ADB, UNDP, , , WFP, CIDA, DFID, FAO, ILO, IFAD, UNICEF, UNFPA ,NORAD, SIDA, USAID, UNCDF, ODA, World Bank, European Commission (EC), LWF/DWS,KfW-Germany, BftW, GTZ, Strummed Foundation, CARE International, DANIDA and Save the Children. ACNABIN has adequate wisdom in conducting market survey with expert resources as well as it has adequate logistics facilities backhand and personnel to be capable of carrying out research and its plan of implementation. It is undoubted that the organization possesses demonstrable knowledge of commodities and services procured by UN Agencies. In addition, ACNABIN Chartered Accountants is also an enlisted auditor of USAID and European Commission.

2.2 History

ACNABIN was established in February 1985, with a mission to continually add value by helping clients succeed. The firm is in public practice for more than thirty years. Seven chartered accountants founded this partnership with a vision to build an institution which would foster an environment for leadership, continuous growth, learning, and collaborations. Over the past thirty years, the firm has become one of the leading and most reputed chartered accountancy firms in Bangladesh with its global affiliations. At present, ACNABIN has ten partners whose expertise in audit, review, consulting, and taxation has established the firm as a multidisciplinary professional organization. All the partners have many years of experience of working in home and abroad with international consultants and organizations operating both locally and internationally (ACNABIN, 2015).

ACNABIN was named according to the first alphabet of the partners.

Acronym	Name of Partner
A	ABM Azizuddin
C	Anwaruddin Chowdhury
N	Abu Syed Mohammad Nayeem
A	Mohammad Akhtaruzzaman
B	ATMA Bari
I	Iftekhar Hossain
N	Mohammad Nurun Nabi

Figure: List of founding Partners of ACNABIN Chartered Accountants

2.2.1 Firms Profile:

Name of the Firm	ACNABIN Chartered Accountants
Date of Registration	15 th February 1985
Address	BDBL Bhaban (13 th and 14 th Floor), 12 Kawran Bazar C/A, Dhaka-1215
Branch Office	House # 734, Road # 26 CDA Residential Area, Chittagong.
Website	http://www.acnabin.com
Phones	(880-2) 8144347-52
E-mail	acnabin@bangla.net
FAX	(880-2)8144353

2.2.2 EXISTING PARTNERS AND THEIR AREA OF SPECIALIZATION:

Name	Office	Area of Professional	
		Primary	Secondary
ABM Azizuddin	Dhaka Office	Audit	Consultancy
Mohammad Nurun Nabi	Dhaka Office	Audit	Consultancy
Iftekhhar Hossain	Dhaka Office	Consultancy	Audit
ATMA Bari	Dhaka Office	Tax	Audit
A.S.M Nayeem	Dhaka Office	Audit	Tax
M. Moniruzzaman	Dhaka Office	Audit/Tax	Consultancy
Md. Mominul Karim	Dhaka Office	Audit	Consultancy
Md. Rokonuzzaman	Dhaka Office	Audit	Consultancy
Md. Reajul Islam	Dhaka Office	Tax	
Muhammad Aminul Haque	Dhaka Office	Audit & Assurance	Consultancy

2.2.3 HUMAN RESOURCES:

Sl. #	Personnel	Number
01.	Partners	10
02.	Professional Staff:	
	- Senior Director-Taxation	1
	- Director-Audit & Consultancy (Chartered Accountant)	1
	- Manager-Audit & Consultancy (Chartered Accountant)	2
	- Manager-Taxation & Corporate Affairs (Chartered Accountant)	2
	- Deputy Manager-Taxation & Corporate Affairs	2
	- Deputy Manager-Audit & Consultancy	8
	- Senior Assistant Manager-Audit & Consultancy	4
	- Senior Assistant Manager-Taxation & Corporate Affairs	1
	- Assistant Manager-Audit & Consultancy	3
	- Assistant Manager-Taxation & Corporate Affairs	3
	- Executive and Junior Executive-Audit, Consultancy & Taxation	3
03.	Articled Students	272
04.	Interns	30
05.	Supporting Staff	30
	Total	372

2.3 Vision, Mission and Strategic Intent

VISION

“We go beyond the traditional auditor and client relationship by becoming your trusted business advisor. “

MISSION

“We adhere to the strictest principles of client confidentiality. Then sensitive and competitive nature of proprietary information and the maintenance of trust demands it. We have built our success on such principles. We do our utmost to earn and keep client trust.

STRATEGIC INTENT

“We want to become trusted leader in the market ensuring highest level of professional ethics and competencies. While securing safe & trusted position in the market for financial institutions, telecommunications, foreign branch & liaison offices and NGOs/NPOs, we still see wider space for us to get involved in other sectors in the country and in the region.”

2.4 Service Offerings

ACNABIN provides various kinds of services these are:

A. Audit and Assurance,

Based on the strong understanding of accounting principles which is related with the Bangladesh Standards on Auditing and International standards on auditing, their expert professional provide a wide range of audit services.

Their audit services are:

- ❖ Statutory Audit
- ❖ Internal audit
- ❖ Special audit
- ❖ Compliance audit
- ❖ Forensic audit
- ❖ Interim Audit
- ❖ Review engagement
- ❖ NGOAB Audit
- ❖ Donor Audit

B. Tax and Legal Advice:

They provide service of Tax and Legal advices which are designed to help their clients to apply the most effective business strategies. They are committed to give quality services.

Their Services are:

- ❖ Their Corporate & individual tax planning
- ❖ Personal Income Tax
- ❖ Deferred tax computation and application
- ❖ Indirect tax
- ❖ Tax investigations
- ❖ Capital gain tax
- ❖ Designing VAT Management System and Compliance Audit
- ❖ Tax compliance and preparation of various tax returns
- ❖ Assistance in handling queries & requests for information from tax authorities
- ❖ Tax assessments and appeals

- ❖ Preparation of income tax returns
- ❖ Import Duty and Customs cases
- ❖ Inheritance tax planning
- ❖ International tax services
- ❖ Tax effective remuneration planning
- ❖ Tax investigations

C. Advisory:

As part of their advisory services they provided following services:

- ❖ Formation, incorporation, liquidation and winding up of companies
- ❖ Preparation and filing of Annual Return
- ❖ Preparation of AGM minutes
- ❖ Preparation of Directors' minutes
- ❖ Formation and registration of companies and close corporations
- ❖ Maintenance of statutory records
- ❖ Conversions of companies and close corporations
- ❖ Amendments to and registration of statutory details
- ❖ Increase of share capital
- ❖ Change of company name
- ❖ Change of Articles & Memorandum
- ❖ Preparation of Special resolutions
- ❖ Advice on secretarial matters relating to the Companies Act.
- ❖ Management of Litigation
- ❖ Management of Legal Disputes
- ❖ License Issues;
- ❖ Legal Opinion on Laws, Licenses, AOA etc.
- ❖ Compliance with Relevant Laws & Regulations
- ❖ IP Rights (Logo, Trademarks, Copyrights)
- ❖ Correspondence with Corporate Regulatory Bodies
- ❖ Drafting, Reviewing & Providing Opinion on:
- ❖ Agreement, MoU, NDA, Undertaking etc.

- ❖ RFP, PO/WO, LOI etc.
- ❖ Legal Notice etc.

D. Consultancy

- ❖ Management Accounting Services
- ❖ Management Consultancy
- ❖ Structured financing advisory
- ❖ Business planning and project feasibility studies
- ❖ Standard operating procedures (SOP)
- ❖ Fixed assets management
- ❖ Accounts receivables management
- ❖ Payroll management
- ❖ Project appraisal
- ❖ Inventory Management
- ❖ Performance measurement
- ❖ Business Valuation
- ❖ Process Improvement Services
- ❖ Cost Management Services

E. Outsourcing:

Their main outsourcing services included:

- ❖ Accounts payable processing
- ❖ Payroll and payroll tax processing
- ❖ General ledger and financial statement processing
- ❖ Accounting services
- ❖ Human resource support
- ❖ Preparation of management accounts and management information systems.
- ❖ Preparation & Maintenance of books of accounts
- ❖ Support in day to day Transaction Processing
- ❖ Book keeping and preparation of final accounts
- ❖ Fixed Assets verification and completion of records

Other Services provided by the ACNABIN:

- ❖ Accountancy and management training
- ❖ Privatization consultancy (includes pre-privatization review, restructuring, valuation in particular and privatization assistance in general)
- ❖ Other accounting ancillary services including investigation, internal and management audit
- ❖ Micro-finance consulting

2.5 Clients of ACNABIN from different sectors:

Manufacturing and Trading

- Apparel
- Chemical processing
- Engineering
- Cement
- Fabricated products
- Pharmaceuticals
- Jute goods/garments/textiles, etc.
- Food products

Commercial services

- Courier and cargo services
- Hospitals
- Airlines
- Hotels

Finance

- Banking
- Investment
- Insurance
- Capital Market
- Security Service
- Companies

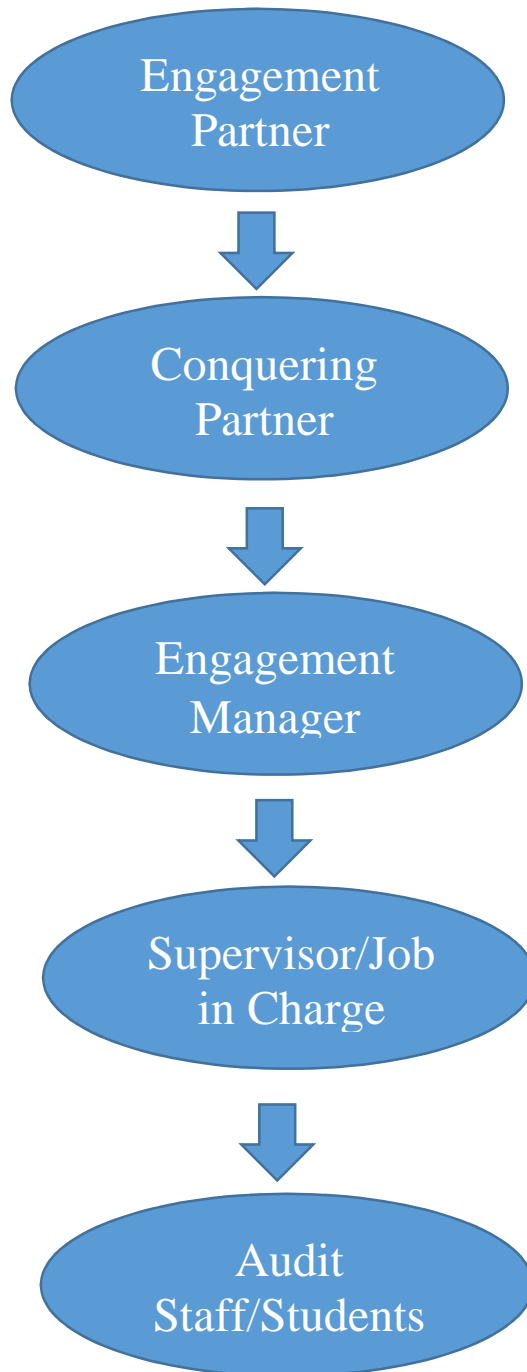
Energy and Telecommunications

- Oil and gas
- Power and power generation
- Telecommunication
- Mining

Non-profit organizations

- NGOs
- Charitable organization

2.6 Operational Organogram of ACNABIN



2.7 Training

The firm believes in continuous professional education. Arthur Andersen maintained one of the largest dedicated professional education and training centers around the world, located in the United States, and other major training centers in Europe and Asia. ACNABIN's partners and staff attended such training courses regularly.

In January 1994 partners took part in the Arthur Andersen Regional Representative Firm's training program held in New Delhi, India and in February 1997 in Dubai, U.A.E.

Partners also attended in various Arthur Andersen training programs in Netherlands, Dubai and India.

In May 1994 two of the partners were participated in a workshop for Supreme Audit Institution held in Singapore. In January 1997 and April 2005, the firm participated in the training workshop held in Bangkok on USAID Rules & Regulations and in December 2002 in the workshop on USAID Recipient Contracted Audits in Dhaka.

In March 1998 partners and two senior staff participated in the training course on "Procedures for Procurement & Disbursement under The World Bank's Financed Projects" held at BRAC Centre for Development Management, Rajendrapur, Bangladesh.

Chapter Three

Audit Procedure of ACNABIN Chartered Accountants

3.1 Engagement Procedures

Engagement procedure of ACNABIN perform through three faces:

- ❖ Engagement with new client.
- ❖ Engagement with existing client.
- ❖ Directly appointed by the client.

Before starting the audit work, some letters are exchanged between ACNABIN and clients.

3.1.1 Engagement with new client:

Four letters are exchanged between ACNABIN and client including acceptance letter of appointment at the time of involving with the new client. Following stages are followed by both ACNABIN and client:

STAGE – 1: Client requires for technical and financial proposal from ACNABIN

Client usually gives circular in the newspaper and sometimes directly wants proposal for audit from the audit firm. In case of direct offer they request to the firm to submit a quotation for the cost of conducting audit of the client. They also mention the specific date to confirm the decision taken by the audit firm and end date for audits. The client firm mentions here the key areas of the audit in the form of attachment. It assures that if ACNABIN audits client's firm, they will supply the formal terms of reference to govern the conduct of audit.

STAGE – 2: The technical and financial proposal is sent by ACNABIN to the client

After look over the client letter or paper's circular, audit firm drafts a proposal letter to the client. The proposal letter covers technical and financial proposal for carrying out the subject of audit. ACNABIN estimates their personnel costs after considering the mandates to be utilized and using the minimum hourly rate of fees as prescribed by The Instituted of Chartered Accountants of Bangladesh (ICAB). The firm also mentions that as it is an estimate, the cost may vary with variation in number of mandates estimated to be utilized for the job.

STAGE – 3: Acceptance by the client on the basis of proposal of ACNABIN – A letter of contract

After getting proposal letters from various audit firms, client then selects the one which is favorable to them, and it appoints the audit firm for audit purpose. From the technical and financial proposal of the ACNABIN, the client company understands the nature of the audit (such as independent, external) to assess the organization's internal control system in administering the audited matter.

STAGE – 4: A letter is sent by ACNABIN to the client confirming to work with the client – Confirmation Letter

After receiving the acceptance letter from the client, ACNABIN provides confirmation letter describing the firm's willingness to work with the client.

3.1.2 Engagement with existing client:

Three letters are exchanged between the ACNABIN and client:

- a. Willingness letter for reappointment: In this letter ACNABIN wants to audit this year. It can request to increase audit fee or change some other conditions.
- b. Client sends appointment letter.
- c. ACNABIN accept this appointment.

3.1.3 Directly appointed by the client:

If the client is interested to work with ACNABIN, then it directly sends an appointment letter to the firm which includes all terms and conditions. If all terms and conditions are favorable to the ACNABIN then accepts the appointment and sends a letter to the client as an auditor.

3.2 Audit Procedures Followed By ACNABIN

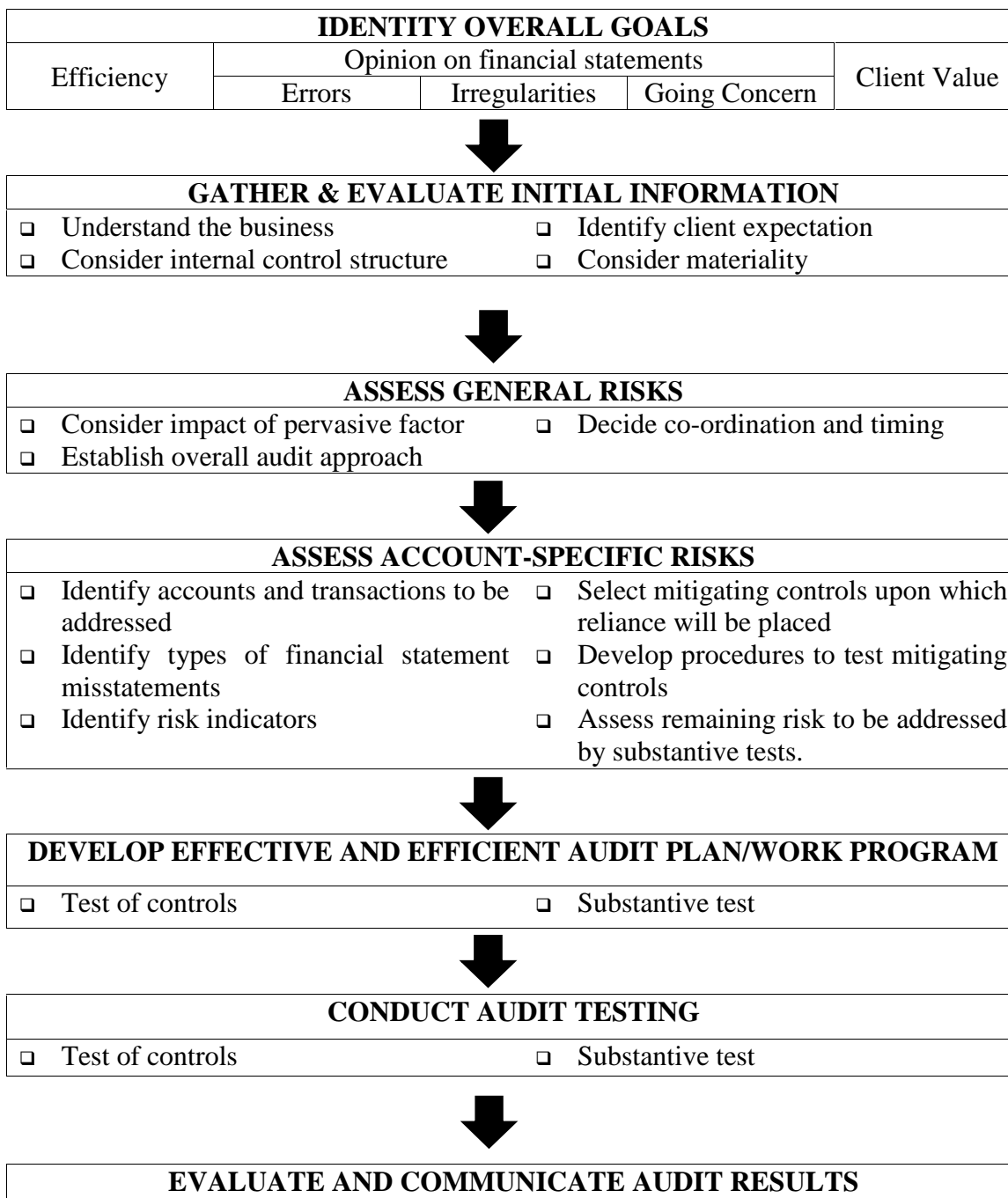
ACNABIN follows Arthur Andersen's Audit procedure. The primary goal of ACNABIN at the time of involving in any audit engagement is to provide the opinion on Financial Statements in accordance with Bangladesh Standards on Auditing (BSA) as well as International Standards on Auditing (ISA). We also seek to provide auditing and business consultancy services that are innovative, efficient and most importantly responsive to our client's business needs.

There are seven steps involved in the procedures that come one after another. Steps are as follows:

- Identity Overall Goals
- Gather & Evaluate Initial Information
- Assess General Risks
- Assess Account-Specific Risks
- Develop Effective and Efficient Audit Plan/Work Program
- Conduct Audit Testing
- Evaluate and Communicate Audit Results

ARTHUR ANDERSEN AUDIT PROCESS

(This is followed by ACNABIN)



Chapter Four

Overview of alternative Cash Incentive

4.1 Introduction

Alternative cash incentive is a tool to increase export and expand new market. Our economy is highly depends on export. To encourage the export related activities our government has taken many steps incentive is one of them.

Cash incentive is the assistance in the form of “Cash” given to any party on its fulfillment of certain conditions.

Bangladesh government provides three options to the final exporter –

(I) Duty drawback (II) Bonded warehouse (III) Cash incentive.

In case of **Duty drawback** the exporter does not have to pay any kind of duty in the port. In addition, under bonded warehouse facility exporter does not have any warehouse fee to keep their goods for the necessary time they need. On the other hand, cash incentive can be taken from the total exported value of the ultimate exported goods but it is given based on the realized amount. It is up to the exporter for which they will apply for. Generally most of them go for the cash incentive. According to the Circular of Bangladesh Bank, “If any exporter take Duty drawback or Bonded warehouse facility, they will not get any cash incentive”.

Exported goods that are produced locally gone through a total procedure in Bangladesh will be eligible for application of cash incentive. There are different rates for different types of exportable goods which are determined by Bangladesh Bank. For example, in textiles or garments sector 5% cash incentive is provided on the realized amount of the exported goods. Suppose, the L/C amount is USD 7, 00,000 Export amount was USD 5, 50,000 and realized amount is USD 5, 00,000. They will get incentive of USD 20,000 ($\text{USD } 5, 00,000 * 80\% * 5\%$), if there is no wastage. Maximum 80% of realized amount is considered for calculating cash incentive.

Though work can be done by the applicant and the bank but due to some dishonest approaches by a group of people it is forwarded to a third party for providing certificate assuring the actual amount to be paid by the Bangladesh Bank. Previously, many companies applied for the amount of money which is not exactly real. But with the help of particular bank they got that amount. To avoid this manipulation, audit is done in favor of the client and government.

4.2 History of Cash Incentive in Bangladesh

This scheme was first introduced in **1994** as ‘**Cash Compensatory Scheme (CCS)**’ as a motivating mechanism to increase export and also to establish the backward linkage. At that time this facility was made available to RMG and special textile units which are either not covered by or choose not to use the bonded warehouse facilities and duty draw back facilities. The rate of Cash Incentive was 15% of FOB export value. This facility was introduced for the economic development of the country by increasing export through establishing backward linkage, so that they are encouraged to procure their raw material from in land. These facilities are provided only those who use their raw materials from the country not from other country.

When Govt. observed that this facility increases the total export, and use of local raw materials in the production then Govt. expand this facilities to several sectors such as, Frozen Shrimp, Jute, Agro, bicycle etc.

From the total export earnings Bangladesh earns more than seventy six percent by textile sector. For this reasons, in 1994 the Govt. decided to provide cash incentive to the producer, and suppliers of fabrics used to get cash incentive from the Bangladesh Bank through their negotiating bank. Here also the same condition as, not to use the bonded warehouse facilities and duty draw back facilities had been taken for the material used in the production of textile and other sectors. After that the rate was changed the rate several times and Govt. was decided not to provide this facility after 30th June 2005. But this facility is still continuing at the present rate 5% and 2% more as second alternative cash assistance for new market expansion.

From its inception the audit of cash incentive was done by the internal auditor of the negotiating bank. Then Bangladesh Bank found a lot of inconsistency as submission of false statement, or fake exporter or fake importer etc. So that in 1997 Bangladesh Bank ordered to submit the cases in there negotiating bank. Here the audit work was done by Bangladesh Bank’s auditors.

Then from 2002, the Bangladesh Bank appointed the auditors of the negotiating bank to audit of the cash incentive cases. Bangladesh Bank disburses the fund to the negotiating bank on the basis of incentive applied and bank disburses the fund on the basis of certificates given by the audit firm on the cash incentive cases. In this case, Bangladesh Bank has given a set of TOR which dictates how the audit work should be done.

4.3 Reasons for giving Cash Incentive Facility

The main reasons for providing cash incentive facilities are:-

- ❖ To increase total export of the country.
- ❖ To establish the backward linkages of different sectors.

The other reasons for giving cash incentives which are directly or indirectly related to the facility are:

- ❖ To increase foreign remittance and to increase the foreign currency reserve.
- ❖ To use the local raw materials instead of foreign raw materials for example- using local yarn instead of foreign yarn in garments industries.
- ❖ To make competitive the local raw materials and finished products of some selected sectors such as fabrics and garments sector against that of the neighboring countries like India and Thailand etc. Because the price of produced yarn in our country is more than that of India and Thailand and the price of accessories used in our garments sector is also comparatively higher than that of the neighboring countries.
- ❖ To facilitate more value addition in different sector. For example, if the cash incentives are given then the garments sector will not import foreign yarn and accessories and will use locally produced yarn and accessories and for this local value addition will be increased.
- ❖ To expand new market for export.

4.4 Sectors in Which Cash Incentive is Given

Cash incentive facility is given to several sectors at different rate. Govt. has expanded this facility to the following sectors:

Table: Rate of Cash Incentive in different sectors

Sectors	Cash Incentive Rate
Export-oriented domestic textile sector in lieu of customs bond and duty drawback	5%
Small and medium garment factories	5%
Frozen Shrimp	7.5%
Jute yarn	7.5%
Potato, halal meat and agro-products	20%
Elephant grass (hogla), paddy straw (khor) and sugarcane bark (akherchobra)	15%-20%
Bone dust	15%
Pat bottle	10%
Ship export	5%
Leather goods	15%
Finished jute goods	10%
New products and new market expansion	2%
Products of light engineering	10%

(Circular 28, 2014)

New amendment:

The rate for new market is 3% in lieu of 2%. The cash incentive for composite is 5.25% in lieu of 5%. But some condition must be fulfilled to get this rate. For example shipment must be done after 1st January 2014 or later.

4.5 Conditions for Availing Cash Incentive facilities

For different sector there are different conditions which should be fulfilled to avail cash incentive facility. If any exporter wants to take the Cash Incentive facility, then they have to fulfill the following conditions:

- ❑ In case of RMG exporter, Items should be produced from **local yarn** collected from a member of the BTMA (Bangladesh Textile Mills Association).
- ❑ No duty draw back facilities and bonded warehouse facilities have been or will be avail for the exported items from any process from cotton to yarn, fabrics and RMG by any person for the items used in production process.
- ❑ The CI recipient, stated on local BTB L/C for collecting cotton or yarn against the contract sheet or L/C, will apply for CI facilities in applicable form to his negotiating bank after negotiation of documents for his own export or fabrics supplied. But CI will be payable **after realization of the export proceeds**. Different parties will apply in different prescribed forms applicable to him.
- ❑ Only **one party** among the yarn manufacturer, fabrics suppliers, and exporter will get cash Incentive.
- ❑ Application for cash Incentive will submit his application to the negotiating bank within 180 days of the realization of the export proceeds. [(F.E Circular 09, 2001)

Chapter Five

Cash Incentive Audit and Procedure

5.1 About Cash Incentive Audit

Audit is a formal procedure which is conducted by auditor to find out material misstatement. To do an audit, there must be information in a verifiable form and some standards (criteria) by which the auditor can evaluate the information.

According to Arens and Loebbecke (1980), auditing is the accumulation and evaluation of evidence about information to determine and report on the degree of correspondence between the information and established criteria. Auditing should be done by a competent, independent person.

Alternative Cash Incentive audit is one type of compliance audit. Results of compliance audits are typically reported to someone within the organizational unit being audited rather than to a broad spectrum of users. Management as opposed to outside users is the primary group concerned with the extent of compliance with certain prescribed procedures and regulations. Therefore, a significant portion of work of this type is done by auditors employed by the organizational units themselves. There are exceptions, however. When an organization wants determine whether individuals or organizations are complying with its requirements, the auditor is employed by the organization issuing the requirements.

Cash incentive audit involves the activities of checking relevant documents and calculating the amount whether it is satisfying the circulated amount of Bangladesh Bank or not. If the documents are relevant and the amount are fulfilling the central banks circulated markup then the audit firm will provide the certificate to their clients (relevant financial, non-financial, export oriented organization). Only Bangladesh Bank will provide the cash incentive facilities.

5.2 Procedure of Cash Incentive Audit

The procedures of executing cash incentive audit are shown in the following diagram:

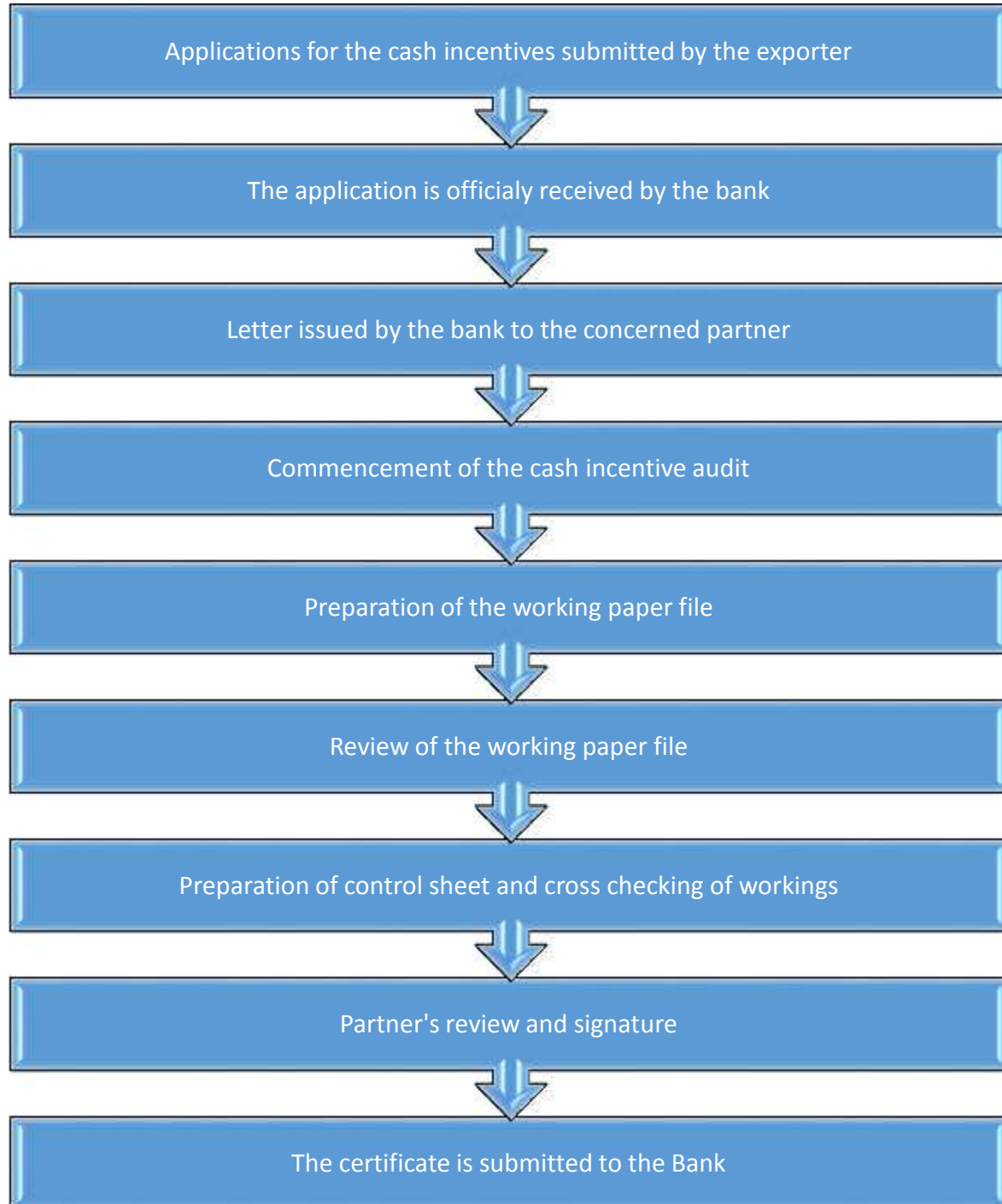


Figure: Procedural activities done for cash incentive

(Audit Manual, ACNABIN Chartered Accountants)

5.2.1 Application for cash incentives submitted by the exporter

Application for Cash Incentives is submitted by the Exporter along with all necessary documents to the Export Division of the Bank through which the export is made. It is done only after the date of the proceeds realization since it is the proceeds of the exported goods, on receipt of which the exporter becomes eligible to apply for Alternative Cash Incentives. Normally application is supported with a number of different documents required by different authorities (Bangladesh Bank, the Bank of the exporter, Auditor etc.) to be submitted with the Application. All those are first filed with the application in a file properly and then submitted to the Export Division of the Bank through which the export was made. All photocopies must be attested in the files.

5.2.2 The application is officially received by the bank

The Export Division of the concerned branch of the Bank officially receives the file of the application and necessary documents. Then the authorized officer of the concerned branch of the Bank needs to attest those documents. Before making the attestation, he checks all documents submitted to the bank. If he finds any error or incompleteness, the applicant must fulfill them and make the file in the form and manner required by the bank.

5.2.3 Letter issued by the bank to the concerned partner

Then the Head Office of the bank issues a letter asking the Audit Firm to complete audit work regarding the application for Alternative Cash Incentives.

5.2.4 Commencement of the cash incentive audit

On receipt of the letter from the International Division of the Head Office of the bank, the audit firm sends auditors to the concerned bank and the Cash Incentive Audit officially commences. On completion of the attestation, the authorized officer of the concerned branch of the Bank sends the file to the auditors and auditors starts their work as per the Terms of Reference (TOR) recommended by the Bangladesh Bank in the FE Circular no. 291.

5.2.5 Preparation of the working file

Auditors' first work regarding the audit of cash incentive file is to prepare a working file for each file of application. It is the first-hand work of such audit. For this purpose, a standard format is prepared and given to the auditor by the Audit Firm. A specimen copy of this file is given in the annexure. Auditors put down that information of the application file in this format which is relevant for the audit purpose. Information which is put down in the working format from different documents is presented chronologically in appendix.

5.2.6 Review of the working file

Senior articled students reviews this working file to ensure that it is correct & rational. He ensures the mathematical accuracy of the certified amount. He also verifies that the certified amount is calculated considering all relevant items mentioned in the Bangladesh Bank circulars.

5.2.7 Preparation of control sheet and cross checking of the working file

At this stage, we have to prepare a Control Sheet containing the most important and relevant information regarding each application. It is solely for the purpose of the Audit Firm. In fact, it is a bird's eye view of all the applications. It acts as a database which facilitates the systematic controlling of our working files and the application files.

After this, it is cross checked by the in-charge of the Cash Incentive Audit. He initially compares the control sheet with the working files and if he finds any discrepancies, he goes for the original file to sort and correct the discrepancies.

5.2.8 Partner's review and signature

Lastly, the concerned Partner takes one final check of the certificates. If in his opinion, everything is ok, then we start preparing the final certificates of cash incentives. On the other hand, if he has any queries, he asks the in-charge to resolve the matter. After all these steps, we prepare the final copy of Alternative Cash Incentives Certificate as per the Attachment-"Ga" of the FE Circular no. 291 dated June 02, 2002. For every single application, a separate certificate is prepared. Finally the concerned Partner of the firm issues these Cash Incentives Certificates by duly signing them.

The format of alternative cash incentives certificate as per the attachment-"Ga" are as follows:

SL. #	Bank ID #
<p>Certificate</p> <p>Applicant M/S.....exported through export L/C number.....dated..... for \$..... vide exp numberof..... Bankbranchcontaining export value of \$..... against which \$..... has been repatriated on.....and cash incentive claim is Tk.....</p> <p>Amount repayable as per TOR after audit is Tk. (In words) only which is hereby certified to be true and fair.</p> <p>Signature:</p> <p>Date:</p> <p>Name of the Partner:</p> <p>Name and address of the Audit Firm</p>	

Figure: Sample of alternative cash incentive certificate given by auditor

5.2.9 The certificate is submitted to the bank

After signature of the partner cash incentive certificate is issued. Then this certificate is submitted to the Head Office of the bank. At that time the application of that certified file will also be submitted. The Head Office of the negotiating bank will receive this certificate and the certified amount will be paid to the applicant provided that sufficient fund is available.

Chapter Six

Bangladesh Bank Requirements & Certificates Compliance

In this section it is shown whether cash incentive is provided as per Bangladesh Bank requirements or not and whether calculation of provided certificate by auditor duly complied with Bangladesh Bank or not. In the next chapter using the data mentioned above it is calculated whether Bangladesh Bank can save money by appointing external auditor rather than Bank Calculation.

6.1 Cash Incentive Is Provided As Per Bangladesh Bank Requirements

Cash Incentive Audit has to be conducted according to the instructions of Bangladesh Bank which are published in different time in the form of Bangladesh Bank's circular. These circular contains, who are eligible and what is the procedure to avail Cash Incentive. For different sector, we see some variations in the circulars or requirements of Bangladesh which work as the basis of cash incentive in those sectors.

For example, the circulars (F/E circular-7 & 9) of Cash Incentive on textile contains the following as a basis for cash incentive:

6.1.1 F/E --Circular-9 (for textile goods)

Cash Incentive facility will be provided only those exporters who produced and export their goods by using local yarn.

Cash Incentive facility will be provided only those RMG goods exporter manufacturer when yarn produce from cotton and next step production which must be manufactured in Bangladesh.

No Cash Incentive facility will be provided for the export of gray cloth.

No Cash Incentive will be provided if the exporter use foreign raw materials other than local raw materials.

Beneficiary party should be clearly written in back to back L/C when yarn or fabrics is collected for producing RMG against L/C or back to back L/C. Only this party will submit all documents and papers for his supply, to the negotiating bank.

Cash incentive will be provided only exporter manufacturer when they will not apply duty drawback & bonded warehouse facility for raw materials & accessories used in textile goods manufacturing.

For all cases cash incentive will be determine @ 5% after deduction of VAT and other deduction item declared by Bangladesh Bank on repatriated amount of net FOB (in foreign currency) & supply price of local yarn / fabrics whichever is lower.

6.1.1. A. Application receive

After negotiation of export the exporter (also manufacturer) of the textile goods will submit application under form “Ka” & other documents to the negotiating bank. The bank will attach PRC after realization of export.

If the exporter (also manufacturer) performs the production of fabrics & fabrics to RMG and also export i.e. composite unit in that case party will apply to the negotiating bank (branch) for cash incentive against export value under form “Kha”. Negotiating bank branch will attached information pertaining to repatriated value and PRC after export realization.

Exporter (also manufacturer) will apply for cash incentive under form “Gha” to negotiating bank after negotiation of textile supply under back to back L/C in manufacturing unit. Application for opening back to back L/C to particular bank against master L/C also attached with application.

Application for cash incentive can be submitted after the repatriation of export amount instead of the date of negotiation of document under above paragraph.

Provided that application for cash incentive must be submitted within 180 days after the date of realization.

6.1.1. B. Verification of application

All document, certificate, & attested certificate which are included with application should be examined to verify that all the documents are accurate & complete. Bank will be responsible if any document contains misleading information. Bank will send a written application to the applicant manufacturer organization about error & incompleteness of application within 3 days after primary examination.

Manufacturer exporter or manufacturer supplier organization should file all document and papers in an appropriate way according to the organization which contains the production capacity & capitalize machinery of the organization which is issued by BTMA, BOI or other authoritative body.

Quantities of export or production mention in different cash incentive application of different times should be verified with the actual production capacity of that organization which certificate is issued by BOI or BTMA.

If any inconsistency found with actual production capacity of the organization in that case bank should ask for the reason of inconsistency. In absence of relevant and realistic explanation for high production in that case it should be informed to the responsible department of Bangladesh Bank.

6.1.1. C. Calculation of cash subsidy against application and disbursement

Auditor will calculate the repayable amount of cash incentive after examining of all application, and information received from negotiating bank from where back to back L/C is opened and attachment of all relevant certificate.

When cash incentive claim approved of any client by the auditor, then the negotiating Bank mark on the Proceed Realization Certificate (PRC) by a seal that “Cash Incentive Paid”, so that the relevant PRC can’t use further for any claim of Cash Incentive.

Negotiating bank will pay cash incentive to the applicant and debit a particular account to the name of head office of that bank. A statement of payment has to be submitted to the head office of that bank within 1st week of the next month. Head office will submit this monthly payment statement along with forwarding application to the foreign investment department of Bangladesh Bank within 2nd week of next month.

All working files should be preserved by the negotiating bank at least three years after the date of payment of cash subsidy for further investigation by inspection team of Bangladesh Bank.

6.1.1. D. Collection of impressed fund from Bangladesh Bank to pay subsidy

Bangladesh Bank will provide advance primarily to the head office of the bank on behalf of Bangladesh Government, which is equivalent of two months based on average cash incentive paid by various bank in the previous one year. Statement of utilization of impressed fund will be submitted to the monetary cell of Bangladesh Bank according to the form (SHA) within two weeks of the next month. If closing balance of the advance is less than the required amount needed for the next month according to the statement then an application is to be submitted to the monetary cell department for sanction of more fund as advance. If impressed fund is not utilized properly Bangladesh Bank can ask for refund the excess money.

When any branch of a bank was newly involved in payment of cash incentive who was not engaged previously for the payment of cash subsidy in that case the branch should inform to the head office of that bank immediately. Then head office will apply for impressed fund to the monetary cell of Bangladesh Bank.

No application for cash incentive will receive by any office the Bangladesh Bank from this issuing date of circular. All application will be settled by the negotiating bank according to the given circular.

F/E -circular-7 (for textile goods)

Fabrics manufacturer will consider for cash incentive when yarn collected to produce fabrics or RMG from BTMA member mill against any L/C or documentary collection which is also certified by BTMA.

Repatriated export value against export invoice prepare after export under any L/C issued by bank or repatriated export value against documentary collection send by bank after export, will consider exported earnings for alternative cash assistance.

Each application of cash incentive should be audited for the accuracy through audit firm which is appointed by Bangladesh Bank; before payment of cash incentive.

Value & quantity of raw material used in the production of fabrics or RMG, value of exported goods and quantity, & production capacity declared by authorized association, & utilization declaration should be submitted along with each application for cash incentive.

No cash incentive will be given for export of gray fabrics in EPZ.

Branch Bank will pay cash incentive against application after account debited of head office of respective bank. Branch bank will submitted five copies of statement of payment of cash incentive, executed in the branch bank to head office within 1st week of the month. This statement contain applicant exporter name, address, exported goods, quantity of goods, value of export, amount received as cash incentive etc. Head office of the bank accumulate all monthly statement of branch bank and send it to the inspection department of Bangladesh Bank along with letter within two weeks of the next month.

Cash incentive will monitor by EPB and they will implement it through an oversight mechanism. But government appointed auditor will implement monitoring activities until oversight mechanism implemented by EPB.

In case of high valued fabrics (value of fabrics per meter above \$2 & quantity of fabrics above 10,000 meter) a certificate received from Oversight Mechanism Implementation Association before export, for claim of cash incentive against export.

Responsible association will cancel membership of organization for abuse of cash incentive.

If bank pay cash incentive irregularly then Bangladesh Bank will collect the money by debiting the respective bank account from their reserve fund.

The organization which receive cash incentive irregularly, will be declare as “Black listed” by respective bank. Negotiating bank collect money from black listed organization to which cash incentive is given previously irregularly and the money return to Bangladesh Bank. In future no cash incentive will be given on behalf of the government to that organization.

Disciplinary action can be taken against all related employees for irregular payment of cash incentive.

Preference will be given to small & medium scale enterprise in case of payment of cash incentive.

6.1.2. Other related conditions

Exporter Company can take loan 80% from bank against their applied cash incentive amount before cash incentive amount paid by the negotiating bank.

Wastage rate fabrics to RMG are 9% and yarn to fabrics is 7%. Total wastage rate yarns to RMG will not more than 16%.

Audit firm will audit the application and related document and issue a certificate within 10 working days after receiving the application. Otherwise the audit firm appointment is terminated.

6.1.3 Recent announcement of cash incentive rates

Like previous years, as many as 14 sectors will get cash against their export volume so they can enjoy additional competitive edge on global market. Bangladesh Bank announced the rate for the cash incentive ranged between 5.0 percent and 20.0 percent.

According to a circular of the central bank, the cash incentives will cover over 150 goods and products under the 14 categories, most of which are from farm sector.

Under the cash incentive program, small and medium garment factories will get additional 5.0 percent subsidies when 2.0 percent will be provided for new products and new market expansion (except USA/Canada/EU). Potato, Halal meat and agro products will get the highest 20.0 percent cash subsidy.

The products which are made of elephant grass (hogla), paddy straw (khor), and sugarcane bark (akherchobra), would be offered cash incentive at the rates between 15.0 percent and 20.0 percent. Exporters of bone dust and leather goods will get 15.0 percent incentive when pat bottle, finished jute goods and products of light engineering sector will get 10.0 percent.

Among the other sectors, frozen shrimp and jute yarn will get 7.5 percent and ship export will get 5.0 percent cash subsidy.

Under the program, 5.0 percent cash subsidy will be provided to the export-oriented domestic textile sector in lieu of customs bond and duty drawback.

The circular issued to all authorized dealers of foreign exchange said that exporters would receive cash subsidy on the products against net repatriation of the FOB (freight on board) prices from July 1, 2013 to June 30, 2014.

So, we see, there are different issues related to the cash incentive. Normally it has seen that most of the requirements are fulfilled properly for getting incentive. An important issue that arise during providing cash incentive is that, in some important sector cash incentive is not given as per the Bangladesh Bank rate requirement.

6.1.4 Calculation for different sectors

From the data collected, incentive rate declared by Bangladesh Bank and followed by auditor for four different industries' from different sectors and different LC no. , date and repatriated/ realized value is analyzed as follows;

Cash incentive for RMG:

Time Schedule	Rate of Cash Incentive
1.The RMG or fabrics or other is exported or shipped from 1 August 1994 to 9 May 2002	25%
2.If the RMG or fabrics or other is shipped	
• After 9 th May 2002 (Effective up to June 2003)	15%
• During fiscal year 2003-2004	10%
• During fiscal year 2004-2005	10%
• After 30 th June 2005	5%

Figure: Rate of cash incentive

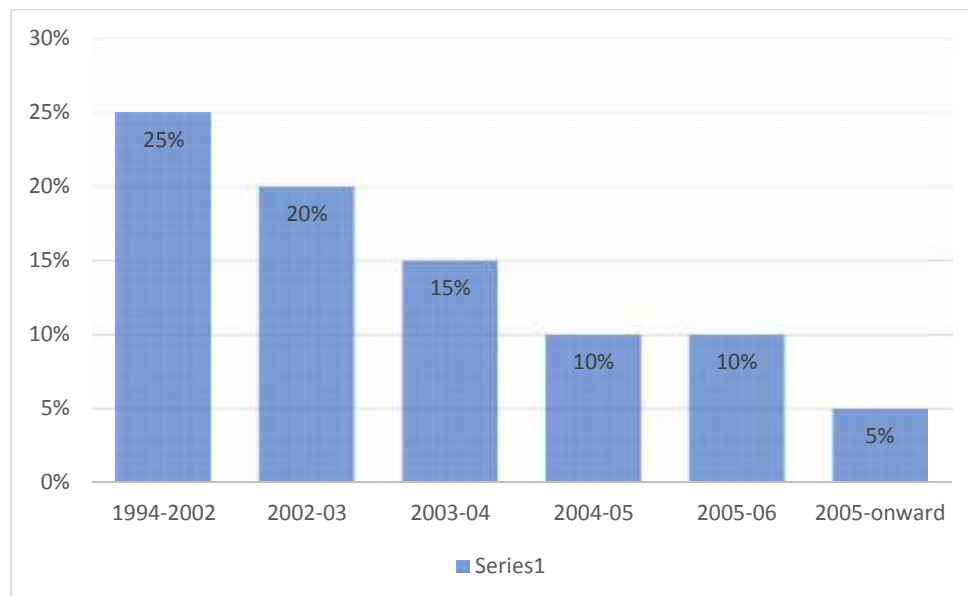


Figure: Changes rate of cash incentive for RMG

6.2 Certificate by Auditor Duly Complied With Bangladesh Bank

For the exemplification of the compliance of the auditor's certificate with Bangladesh Bank, some issues should be considered. They are as follows:

6.2.1 Calculation of maximum acceptance value (for RMG and textile sector only)

According to Bangladesh Bank circular, an exporter can get incentive on maximum 80% of net FOB (Freight on Board) export value in RMG sector. In other cases such as for Agro products incentive is counted on net FOB defined by association (for example, in agro processing value is defined by BAPA). From the samples certificate collected we can examine whether the auditor calculated maximum acceptance value as per Bangladesh Bank requirement or not-

6.2.2 Rate of incentive is properly followed or not

From the description and calculation done about “**Whether Cash Incentive Is provided as per Bangladesh Bank requirement**” it is seen that, incentive rate is properly followed as per Bangladesh Bank rate requirement in RMG, Agro and Finished jute sector. Only in the sector Frozen Shrimp, cash incentive is calculated at a higher percentage than the Bangladesh Bank's requirement.

6.2.3 Wastage calculation, properly done or not

According to Bangladesh Bank BRPD circular no. 3 dated 24 January 1999, in case of 100% export oriented garments industries maximum wastage rate would be 16% in the whole production process For yarn (Dyeing) 7% and fabrics (Garments) 9%.

Wastage verification is very much important for the auditor because the exporter sometimes sale the produced garments/fabrics locally by showing it as a wastage. Bangladesh Bank does not allow the exporter selling the produced goods in the local market. So, extra wastage is deducted from the gross value of the products shown by applicant. A summary of wastage calculation is given below for whether the wastage is calculated as per Bangladesh Bank requirement or not.

Cash incentive is given on the amount of 80% net FOB & cost of yarn after deducting wastage (whichever is lower). Cost of yarn is calculated by-

Particulars	Rate
Yarn	According to the proforma invoice
Dyeing	\$1 per kg
Knitting	\$2 per kg

6.2.4 Audit Delays performed

Audit Delay does not occur due to the negligence of the auditors. It occurs because of the insufficiency of necessary documents given by the applicants. Auditors firstly verify the documents and give a Quarry List (see appendix) if there is any missing of documents. Generally applicants make delay to submit the documents written in the quarry list, as a result auditors take time to provide certificate.

For example, audit delay can be occurred for missing or lacking of the following documents:

- Certificate or cash assistance by BTMA
- Beneficiary Certificate by supplier of raw materials
- Bill of lading
- Shipping bill
- Freight Certificate

For performing audit, at first audit firm gets a forwarding letter from the particular bank. After that within **seven (07) days** audit work has to be completed as per Bangladesh Bank circular. If the firm cannot accomplish audit within **Seven Days** it will be called as audit delay.

From the samples collected, two are selected randomly to determine the audit delays occurred. They are as follows:

Chapter Seven

Bangladesh Bank Savings and Export Promotion

7.1 Bangladesh Bank Saves Money by Appointing External Auditor

Cash Incentive was provided earlier as per the calculation of related exporter bank to the applicant exporter. But due to some dishonest approaches by a group of people it is forwarded to third party (external auditor) for providing a certificate assuring the actual amount to be paid by the Bangladesh Bank. Previously many companies applied for the amount of money which is not exactly real. But with the help of particular Bank they got the amount. For this Bangladesh Bank faced a great amount of loss. To avoid the manipulation, audit is done in favor of the client and government

7.1.1 Audit fees taken by farm

For providing this kind of assurance our firm gets certain amount of audit fee on the actual claim of the client (if everything found ok)

Table 7.1: Audit fees taken by farm

Amount of cash incentive	Audit Fee (Amounts in BDT)
Less than 5,00,000	4,000
5,00,000 or above but Less than 10,00,000	5,000
10,00,000 or above	7,000

7.1.2 Calculation of net savings or loss by Bangladesh Bank

From the data collected, a calculation related to the net savings or loss of Bangladesh Bank from four different industries is shown below. Here, the data given are only from a few operations. In this calculation, firstly difference is made between banks' calculation and auditors' calculation. Then audit fee is considered to calculate the net savings or loss for each operation. There can be both savings and loss from an operation.

7.2 Cash Incentive Facility is Instrumental in Promoting Export

Cash Incentive facility was introduced with a view to promoting the export of Bangladesh. Initially (1994) it was for export of jute goods produced by government and non-government jute mills, and export oriented local textiles. Since then, scope and extent of the cash incentive program has been expanded. New products are included in the eligibility list. Cash incentive for leather goods (100 per cent export oriented industries) was introduced in April 2000. In case of agricultural products, cash incentive was declared in December 2002 which was effective from the fiscal year FY2002-03. Through this announcement cash incentive facility was provided for export of frozen shrimps and other fish, agro product (vegetables/fruits) and processed agro-products. Along with agricultural products cash incentive benefits have also been extended for export of bone meal, bicycle, and commodities made of hogla, straw, coir of sugarcane etc. since FY2002-03. In 2003, the government also declared cash incentive for export of tobacco but it has been discontinued since July 2008. Cash incentive benefits were declared for export of potato in January 2004, followed by hatching eggs and day old chicks of poultry industries (July 2005), liquid glucose produced at Iswardi EPZ (December 2005), light engineering products (February 2006) and Halal meat (December 2006).

If we see the export scenario of the country before and after the declaration of the cash incentive, it will be clear to us that whether cash incentive is instrumental or not in promoting export. There may be many other reasons behind the promotion of export, but obviously cash incentive is an important reason as after introducing this facility exports of the country promoted radically.

Here export condition of different sectors before and after declaration of cash incentive is given by examining which it will be clear to us about the effect of cash incentive in promoting export of the country.

Firstly, RMG sector can be considered. The role of the RMG sector in our national economy can hardly be over-emphasized. There has been a steady development in our RMG export field during at least the last decade and a half but in the last few years it has been unique. The export of RMG recorded an average growth of 21.53% since 1994-95 from when cash incentive was declared. The growth of export in RMG sector from 1993 to 1999 shows that in 1993 it amounted to 61.4% of the

country's total export income, and by 1999 it was 76.05%. This indicates how rapidly the export of the RMG has grown after the declaration of cash incentive.

The following table can make this clearer:

Table 7.7: Development of the export of RMG sector

Year	Export of RMG (in million \$)	Total Export (in million \$)	Share of RMG's to total export	Increase of export (%)
1993-94	1555.79	2533.90	61.40	42%
1994-95	2228.35	3472.56	64.17	43.23%
1995-96	2547.13	3882.42	65.61	14.31%
1996-97	3001.25	4418.28	67.93	17.83%
1997-98	3781.94	5161.20	73.28	26.01%
1998-99	4019.98	5312.86	75.67	6.29%
1999	2810.38	3695.46	76.05	30.09

[Source: Bangladesh Export Statistics (2000), (compiled)]

Here we see a great decrease of export in 1998-1999. The main reason behind this is the devastating flood occurred in about whole of the country. Graphically, we can see the growth of export from 1994, when cash incentive facility was given in RMG sector.

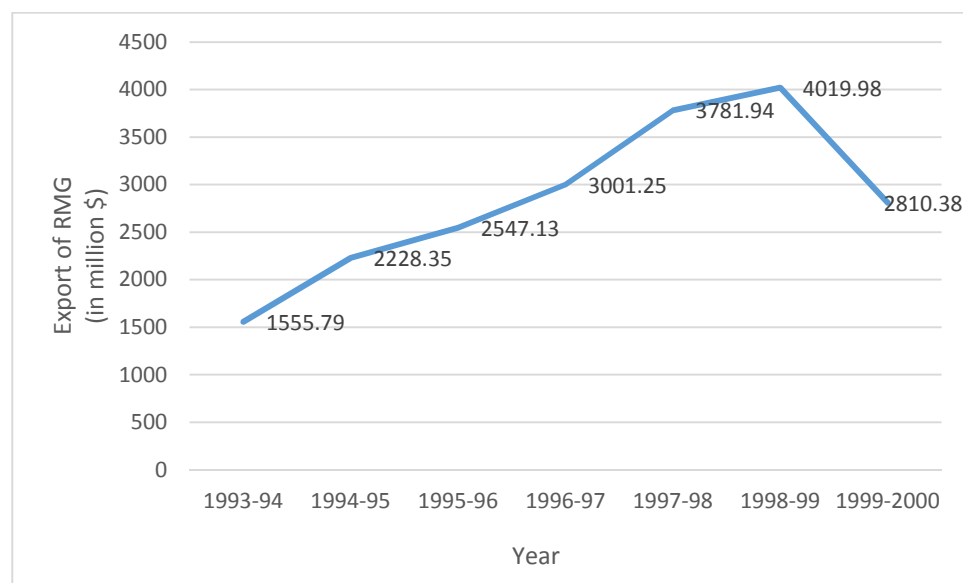


Figure 7.1: Development of the export of RMG sector

Analysis:

So the analysis of the study revealed that, cash incentive has a positive contribution to the export of RMG sector.

Secondly, Agro sector can be considered. Quantity of export of vegetables has increased from 3.75 thousand metric tons in 1990-91 to 30.93 thousand metric tons in 2007-08. During the same period, value of vegetable export has increased from \$4.37 million to \$60.47 million. It is pertinent to ask whether there is any change in quantity and value of exported vegetables after the introduction of cash incentive scheme for vegetables in 2002-03 (December 2002). Quantity of vegetable export in 2007-08 (30.93 thousand mt) was 2.43 times of 2001-02 (12.75 thousand mt). On the other hand, value of vegetable export in 2007-08 (\$60.47 million) was about four times of 2001-02 (\$15.31 million). The following table can make the situation clearer:

Table 7.8: Annual Compound Rate of Growth in Export of Vegetables by Bangladesh

(% per annum)

Product	Quantity of Export			Value of Export		
	1990-91 to 2007-08	1990-91 to 2001-02	2002-03 to 2007-08	1990-91 to 2007-08	1990-91 to 2001-02	2002-03 to 2007-08
Total Vegetables	8.11	9.50	16.01	11.64	11.78	24.06

[Source: Uttab Deb & Subir Kanti Bairagi (2009)]

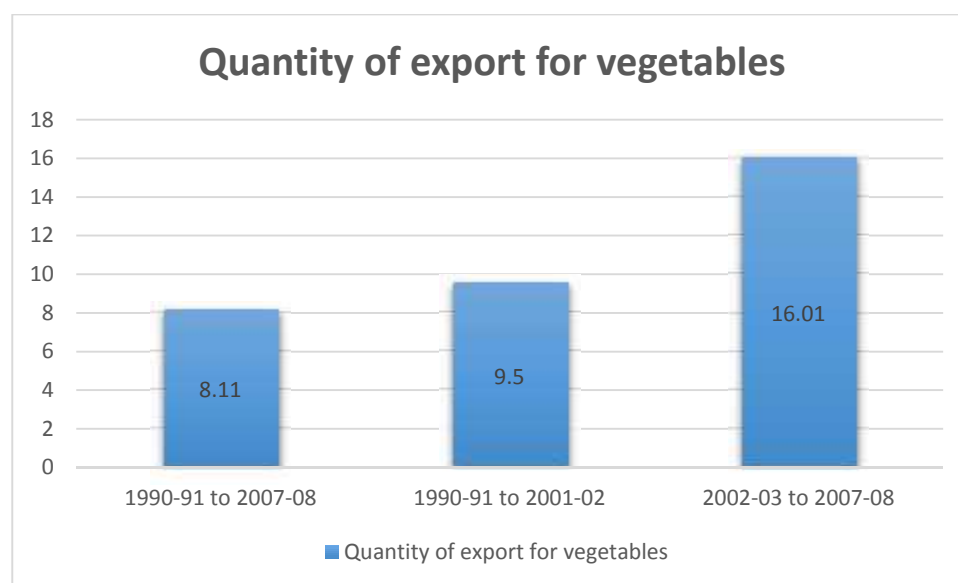


Figure: Changes quantity for vegetables export

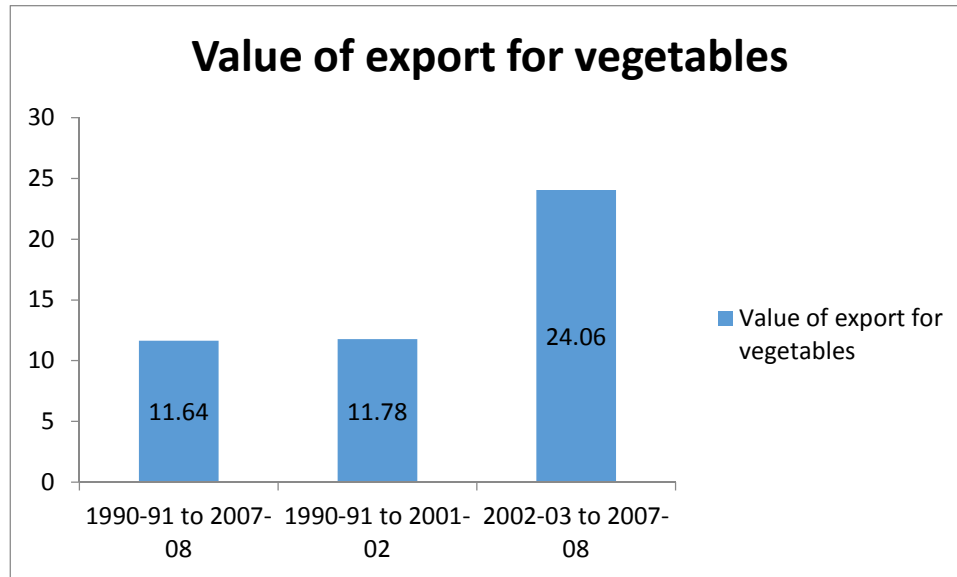


Figure: Value of export changes for vegetables

Analysis:

Thus, it seems that there was a positive relation with the export of vegetables and introduction of cash incentive scheme for vegetable export.

Thirdly, another important sector frozen shrimp can be considered. Cash incentive on export of shrimp and other frozen foods was introduced in 2002-03. It is important to compare the level of export of shrimp in the era of cash incentive than with the pre-cash incentive period. Export of shrimp has increased from 30.21 thousand metric tons in 2001-02 (last year before the introduction of cash incentive) to 53.36 thousand metric tons in 2006-07 and then declined to 49.91 thousand metric tons in 2007-08 due to two consecutive flood and cyclone Sidr. On the other hand, export of other frozen shrimp increased from 9.86 thousand metric tons in 2001-02 to 18.38 thousand metric tons in 2006-07 and then to 23.52 thousand metric tons in 2007-08. In case of value of export of shrimp, it increased from \$252.07 million in 2001-02 to \$433.47 million in 2006-07 and then declined to \$417.48 million. The following table can make the situation clearer:

Table 6.9: Annual compound rate of growth in export of frozen shrimp (% per annum)

Product	Quantity of export			Value of export		
	1985-86 to 2007-08	1985-86 to 2001-02	2002-03 to 2007-08	1985-86 to 2007-08	1985-86 to 2001-02	2002-03 to 2007-08
Frozen Shrimp/prawn	6.02	4.47	6.36	7.08	8.17	6.56

[Source: Uttab Deb & Subir Kanti Bairagi (2009)]

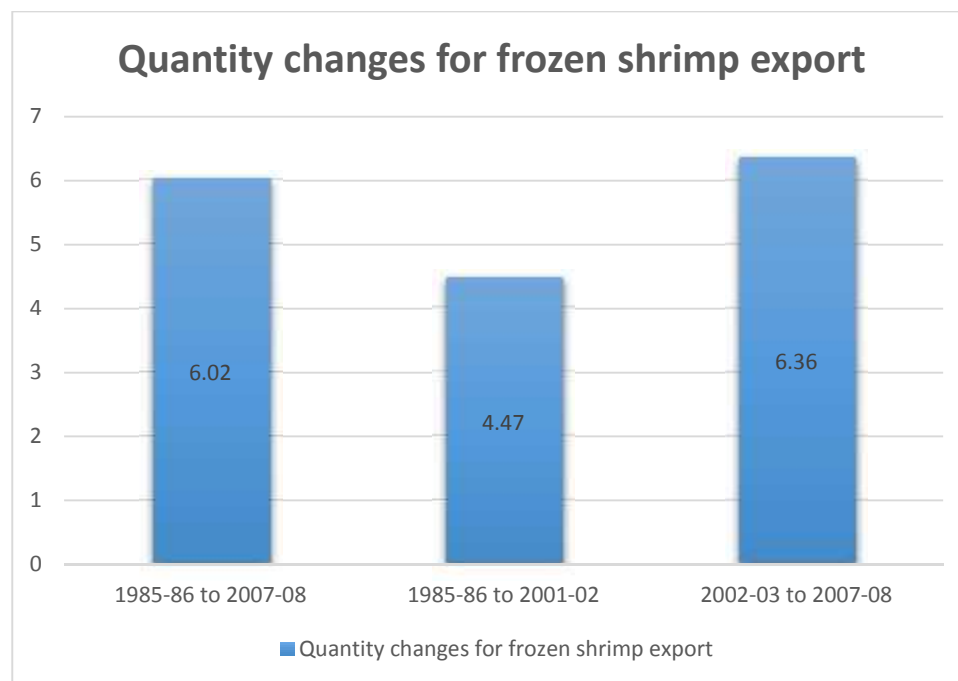


Figure: Quantity changes for Foreign Shrimp Export



Figure: Value changes for foreign Shrimp Export

Analysis:

Here, also we see a positive relation of cash incentive with the export of frozen shrimp.

From the above analysis of three important exports sector we can understand the effects of cash incentive on the increase of total exports of Bangladesh. So, it can be said that, cash incentive is very much instrumental in the promotion of export of Bangladesh.

Chapter Eight

Summary of Findings and Analysis

8.1 Summary of Findings and analysis

This report is a result of hard work and proper concentration to the Alternative Cash Incentive and its audit.

From the study it has become possible to know about export incentives provided by the government to the exporters. Cash incentive is one kind of export incentive for which specified rate is proposed by the government for particular sectors. From the study overall findings are given below –

- Cash Incentive facilities are provided from 1994 to increase export and to establish backward linkage.
- For cash incentive, Bangladesh Bank acts as regulator.
- All the applicant of cash incentive have applied as per central bank circular
- Any exporter can hold the Cash Incentive facility subject to the condition of no duty draw back facilities and bonded ware house facilities for the exported goods.
- Before applying for incentive, they collect a certificate from their respective industry regulatory body like; BGMEA, BJMA etc. Also the procedure to apply is complex and time consuming.
- Local Exporters have to member of BTMA member before applying for cash incentive.
- External auditors are contributing a lot to protect the misuse of public money.
- Auditors have to mostly depend on the documents provided by the clients. So it is found that the papers, which are provided by the client, are not always appropriate.
- Although auditors are missing some provisions e.g. delay in carrying out audit work within 7 days or issuing certificate for the wastage of more than 16% all of these issues do not provide any evidence that the applicant are getting more benefits for the cash assistance.
- The amount of Cash Incentive paid by Bangladesh Bank through the negotiating bank to the applicant after certificate issued by auditor.

- If the negotiating bank pays cash incentive irregularly then Bangladesh Bank can collect the money by debiting the respective bank account from their reserve fund.
- Only one party among the yarn manufacturer, fabrics suppliers and exporter will get Cash Incentive.
- Factory visit which is done by auditor is not sufficient, because in factory visit some technical issue occurs. For this task the auditors are not expert.

Chapter Nine

Practical Work Experiences & Case Studies

9.1 Practical Work Experiences:

After completing the last Semester final exam I collected a forwarding letter from CSO (Career Service Office) of BRAC University and I joined ACNABIN, Chartered Accountants on May 25, 2015. I'm still working here to learn something practically. I already have visited 3 factories for auditing the existence of man, machineries, data's, information, skills etc. Now, I'm sharing some case studies relating to my work experiences.

9.2 Case Studies:

Initially, when Cash Incentive Scheme was first introduced in 1986 as “Cash Compensatory Scheme (CCS)”, a verification audit was not a requirement. The calculation presented by the Beneficiary's Bank against the claim amount and that was considered the final assessment. However, later after some manipulation was caught where paperwork were proved to be manipulated, Bangladesh Bank regulated the situation by stating that all Cash Incentives files would now be verified by them on 20th April, 1997.

Afterwards from 2nd June 2002, however, due to heavy load of the Applicants, Bangladesh Bank began to appoint a third independent audit firm to verify the Cash Incentive files on behalf of them. During the twelve-week internship phase in ACNABIN Chartered Accountants, I had worked on a number of companies' files belonging to a handful of branches of three banks, namely Pubali Bank Ltd., Prime Bank Ltd. and NCC Bank Ltd. I have attempted to present a synopsis of the files that I have worked in this time period in the form of a case study in this chapter. However, I have chosen Clients of Prime Bank Ltd. (PBL) and NCC bank to do this Case Study on. I have randomly chosen five companies who had applied for different categories of Cash Incentive – the summary of which is provided next page:

Sl.	Applicant's Name	Bank	Applied For
1	J K Knit Composite.	Prime Bank Ltd.	Composite
2	Tanima Knit Composite.	NCC Bank Ltd	Composite
3	Partex Denim Mills Ltd	NCC Bank Ltd	Indirect Fabric
4	BIG Boss Corporation	NCC Bank Ltd	New Market Exploration
5	Well Fashion Ltd	NCC Bank Ltd	Additional

1. J K Knit Composite.

SL	Bank Calculation	Certified by Auditors	Bangladesh Bank's Saving	Audit Fees	Bangladesh Bank's Net Save or Loss
1	235000	195000	40,000	4,000	36,000
2	150,045	132,585	17,460	4,000	13,460
3	43,000	43,000	0	4,000	-4,000
4	450,000	386,000	64,000	4,000	60,000
5	541,240	530,000	11,240	5,000	6,240
6	14,500	14,500	0	4,000	-4,000
	1,433,785	1,301,085	132,700	25,000	157,700

2. Tanima Knit Composite.

SL	Bank Calculation	Certified by Auditors	Bangladesh Bank's Saving	Audit Fee	Bangladesh Bank's Net Save or Loss
1	26,318	26,318	0	4,000	-4,000
2	20,390	20,389	1	4,000	-3,999
3	22,274	22,004	270	4,000	-3,730
4	88,209	80,093	8,116	4,000	4,116
5	232,378	232,378	0	4,000	-4,000
6	1,583,609	1,408,987	174,622	7,000	167,622
7	33,815	33,810	5	4,000	-3,995
8	857,136	854,464	2,672	5,000	-2,328
9	248,129	248,126	3	4,000	-3,997
	3,112,258	2,926,569	185,689	40,000	145,689

3. Partex Denim Mills Ltd

SL	Bank Calculation	Certified by Auditors	Bangladesh Bank's Saving	Audit Fee	Bangladesh Bank's Net Save or Loss
1	235,460	235,459	1	4,000	-3,999
2	167,002	146,286	20,716	4,000	16,716
3	123,001	123,001	0	4,000	-4,000
4	236,505	236,504	1	4,000	-3,999
5	456,200	435,200	21,000	4,000	17,000
6	415,230	414,230	1,000	4,000	-3,000
7	50,152	32,012	18,140	4,000	14,140
8	256,000	256,000	0	4,000	-4,000
9	486,011	423,012	62,999	4,000	58,999
	2,425,561	2,301,704	123,857	36,000	87,857

4. BIG Boss Corporation

SL	Bank Calculation	Certified by Auditors	Bangladesh Bank's Saving	Audit Fee	Bangladesh Bank's Net Save or Loss
1	181,005	181,004	1	4,000	-3,999
2	75,742	75,741	1	4,000	-3,999
3	125,616	125,616	0	4,000	-4,000
4	121,570	121,569	1	4,000	-3,999
5	106,816	106,815	1	4,000	-3,999
	610,749	610,745	4	20,000	-19,996

5. Well Fashion Ltd

SL	Bank Calculation	Certified by Auditors	Bangladesh Bank's Saving	Audit Fees	Bangladesh Bank's Net Save or Loss
1	67,770	67,769	1	4,000	-3,999
2	38,960	38,960	0	4,000	-4,000
3	122,236	122,235	1	4,000	-3,999
	228,966	228,964	2	12,000	-11,998

9.3 Net Savings of Bangladesh Bank:

SL	Applicant's Name	Net Savings
1	J K Knit Composite.	157,700
2	Tanima Knit Composite.	145,689
3	Partex Denim Mills Ltd	87,857
4	BIG Boss Corporation	-19,996
5	Well Fashion Ltd	-11,998
	Total Savings =	359,252

9.4 Audit Delay

SL	Applicant's Name	Forwarding Date	Certification Date	Days Worked	Max. Days Allowed	Audit Delay
1	J K Knit Composite.	17.04.15	30.05.15	43	7	36
2	Tanima Knit Composite.	03.06.15	25.07.15	52	7	45
3	Partex Denim Mills Ltd	23.05.15	05.07.15	42	7	35
4	BIG Boss Corporation	25.05.15	23.07.15	58	7	51
5	Well Fashion Ltd	28.06.15	17.08.15	50	7	43
						210

9.5 Critical Observation

Based on Case study it is found out that –

Due to our audit Bangladesh bank saved BDT3, 59,252.00.

In the early times, Bangladesh Bank used to consider the Bank's Calculation as their final payable claim. From the case we can see most of the time our calculation is lower than the Bank calculation and Claimed amount. It is happen because of our wastage calculation and other numerous reasons.

Audit delay

We are required to go through the incentive files and provide a list of missing documents and other queries if any to the Bank or the Client within a week's time according to agreement with negotiating Bank. However, due to shortage of Auditor in our department and huge work load, we can occasionally meet the deadline. According to the Case Study, we made a delay of 40 to 58 days on meeting up the files queries whereas the standard was 7 days.

Chapter Ten

Recommendation

Recommendations

Cash Incentive Audit by independent auditors plays a vital role to protect the misuse of public money. Cash incentive audits are not free of problems. All of these problems can be solved by the Bangladesh Bank through various Circulars and sincerity of Auditors, Banks and Applicants of cash incentive receiver. The problems or unresolved issues which have found in conducting research study can be solved in the following ways:

- Audit activities should be performed as per the latest published circulars of Bangladesh Bank for rate and other requirements. So, auditors should become up-to-date.
- Audit delay can help the cash incentive receiver to produce false documents to get cash incentive. So to reduce audit delay auditors should firstly confirm from the bank whether the applicant submitted all the required documents. After getting confirmation auditors should go to the bank to start audit work, this will help them to execute audit work within 7 days.
- Auditors should take expert before going to visit the factory of applicants. Expert consent is needed to ensure whether goods are actually produced in this factory. Utilization declaration provided by the exporter should be verified by the expert.
- Auditors should not go to visit exporter's factory by fixing date with the exporter. If they do so, it can help the exporter to manipulate his documents and information.
- Exporters' bank should not be given the power for everything because bank always wants to retain its existing clients and tries to attract new clients and for this they sometime attest all the documents of the client without checking its legality. With the collaboration of banks exporter can go for malpractice.
- Cash incentive is contributing a lot to promote the export in different sectors. So it may be a wise decision for BB to extend the date. BB must also increase the rate of cash incentive in some sector to make it more meaningful.

Chapter Eleven

Conclusion












Conclusion

Alternative Cash Incentive is one of the most promising issues in our economy. It plays a vital role in our economic development. In the recent past, a dramatic change has been seen in different export sector of Bangladesh. Number of textile mills, factories, project, and farm has increased. Another startling result around us is that a lot of spinning mills have been established recently even though Bangladesh is not a producer of cotton. All these are, to a great extent, results of cash incentive given in the different sectors of Bangladesh. So, backward linkages of all sectors have been strengthened by the cash incentive. In view of the above mentioned facts, we can conclude that cash incentive is a fair as well as a rewarding venture of the Govt. of Bangladesh in promoting the export. We can also assume that in the upcoming days of quota-free world, cash incentive will act as a catalyst to the survival of the export sector of Bangladesh in the global market. The correlation coefficient between cash incentive and export of different products is highly positive indicating that apart from few misuses, cash incentive is bringing in huge foreign currencies for Bangladesh. Before payment of cash incentive previously it was not audited. But now the amount of cash incentive is paid after certified the amount by the external auditor. For the payment of cash incentive it should be justified whether the application for cash incentive and other relevant documents are true, accurate and complete. If it is not audited by the external auditor then accountability, true and fairness of the payment of cash incentive can't be achieved. Reduce fraud of fund and accountability can ensure only through audit by external auditor. So, while cash incentive is needed to increase the inflow of foreign currencies into Bangladesh, independent cash incentive audit is needed to save public money. In the absence of independent audit of cash incentive files, deserving exporters will be deprived of cash incentive while false exporters will enjoy the misuse-benefits of cash incentive. There will be no real extra export causing inflow of foreign currencies, but every year there will be undesirable disbursement of public money as cash incentive. So, Bangladesh Bank, Auditors, Bankers and all other personnel who are related in this aspect have to extend their helping hands for solving this problem.

Chapter Twelve

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Chapter Thirteen

Appendix

Appendix A: Factory Visit Checklist

NCC Bank Limited

Alternative Cash Assistance

Party Name :

Office :

Factory :

Branch Name :

Check List of Physical Visit of Factory

1. Certification of BOI (Board of Investment)
2. Bank Account Statement
3. Daily Production Register/Report
4. Machinery List
5. Copy of contract if there is any outsourcing of exportable goods
6. Amendment certificate issued by BOI (if any establishment of new machinery)
7. Annual Report
8. MRR (Material Receiving Report)
9. Gate Pass (GP) Register maintain in storekeeper
10. Import Registration Certificate
11. Export Registration Certificate
12. Certificate of Incorporation
13. VAT Registration Certificate
14. TIN Certificate
15. FIRE License
16. Environment Certificate
17. GAS and Electricity Bill
18. Memorandum of Association
19. Article of Association
20. Trade License



SL #	Particulars	Yes	No	Remarks
1.	Machineries are set up in proper place			
2.	Existence of machineries are compare with certificate of BOI			
3.	Daily production capacity compare with machine capacity			
4.	Percentage of weaving capacity of respected exportable items			
5.	Existing machineries are workable			
6.	Partial production of exportable items			

Signed by Auditor

Signed by Authority

Appendix B: Check List for Cash Incentive File

1. Forwarding Letter
2. Application Form
3. Bank Calculation paper
4. PRC (Proceeds Realization Certificates)
5. Back to Back certificate
6. Cost sheet
7. BKMEA/BGMEA Certificate for cash assistance (original)
8. Master LC
9. Master LC related document
 - Commercial Invoice
 - Packing List
 - Bill of Lading (Freight Certificate if Prepaid)
 - Shipping Bill
 - Export Form (Short Shipment if any)
10. Back to Back LC related document:
 - Back to Back LC
 - Pro-forma Invoice
 - commercial Invoice
 - Packing List
 - Delivery challan.
 - BTMA certificate (original)
 - Mushak/GSP-2
 - Certificate of Origin
 - Beneficiary Certificate
11. Utilization Declaration
12. Bond/Tk.300 stamp paper undertaking
13. Accessories related documents (LC, Pro-forma Invoice).



Appendix C: Process of preparing working paper file

Calculation first page:

Case No: 01
Prepared by: JH001R

Bank ID: NCCD/AGD/FEX/2015/3053

প্রত্যয়ন পত্র

আবেদনকারী M/s. Salim & Brothers Ltd (3D-U2/G-0112)
তারিখ 20.12.13 মূল্য USD 3593148.36 শাখার নাম NCL Prime Bank Ltd
ব্রজানীমূল্য USD 3587716.39 প্রত্যয়নিত মূল্য USD 3585858.39 প্রত্যয়নের তারিখ ANN-D
সম্পর্কিত নগদ সহায়তার দাবীর পরিমাণ BDT 687553 674495

ToR অনুযায়ী নিরীক্ষণের পরিশোধযোগ্য নগদ সহায়তার পরিমাণ BDT 687553 674492 (Annexure-.....) যা যা সঠিক ও নির্ভুল।

Sl.	Particulars	OK	Not OK
1.	120 days (shipment to realization)	OK	Not OK
2.	180 days (realization to application)	OK	Not OK
3.	Percentage of difference between invoice value and realized value		
4.	Local commission		

Bank 687588 674495
F. Y. 2013-14
2014-15

Annexure-A

Sl	Exp. No.	Export Value	Realization Value	Realization Date	Rate	Shipment Date	Pcs.	Freight	Net Weight
1	1607-14					25.6.14	5439	collected	
2	00188	25024.3	24999.3	16.7.14		25.6.14	5439		
3	00189	24334.09	24309.09	"		"	6477		
4	00190	29800.03	29767.03	"		"	6477		
5	00191	28978.10	28953.1	"		6.7.14	648		
6	00200	212.53	212.53	27.7.14		"	648		
7	00201	212.53	212.53	"		10.7.14	696		
8	00202	425.05	425.05	"		1.7.14	144		
9	00203	637.38	637.38	"		9.7.14	648		
10	00204	212.53	212.53	"		"	1204		
11	00210	5539.48	5489.48	"		"	2408		
12	00211	10773.39	10723.39	"		"	612		
13	00212	2815.75	2780.75	"		"	4802		
14	00213	8062.15	8012.15	"		9.7.14	110004		
15	00214	487732.05	487607.05	"		10.7.14	23592		
16	00225	104457.12	104407.12	"		15.7.14	26220		
17	00226	116092.98	116017.98	"		14.7.14	25704		
18	00227	113808.32	113733.32	"		16.7.14	24276		
19	00229	107485.63	107435.63	"		15.7.14			



Sl.#	Exp. No.	Export Value	Repat. Value	Repat. Date	Freight Collect Rate	Shipment Date	Pcs.
19	00230	87561.21	87436.21	31/8/14	collect	21.7.14	19776
20	00231	310520.63	310465.63	13.8.14	"	31.7.14	69996
21	00232	18495.77	18270.77	27.7.14	"	15.7.14	4032
22	00243	212.53	212.53	31.8.14	"	4.8.14	048
23	00244	425.05	425.05	"	"	10.8.14	096
24	00245	425.05	425.05	"	"	15.8.14	096
25	00246	637.58	637.58	"	"	11.8.14	144
26	00247	850.11	850.11	"	"	14.8.14	192
27	00255	444196.82	444071.82	"	"	19.8.14	100020
28	00293	563313.4	563343.4	12.10.14	"	23.9.14	85500
29	00319	225379	225379	26.10.14	"	8.10.14	34196
30	00309	189129.6	189129.6	"	"	"	28696
31	00303	256197.58	256072.58	22.10.14	"	29.9.14	08872
32	00308	180218.84	180147.84	26.10.14	"	30.9.14	27344
33	00310	3796.3	3796.3	"	"	1.10.14	576
34	00311	7118.06	7068.06	"	"	2.10.14	1080
35	00327	210.91	210.91	"	"	5.10.14	032
36	00326	395.45	395.45	"	"	8.10.14	060
37	00348	231337.08	231167.08	26/11/14	68296.12	30.10.14	35100
38	00328	421.81	421.81	"	"	15.10.14	064
32.							
33.		3587716.39	3585858.39		68296.12		682920
34.							685958

3585868-87

685958

Calculation 2nd Page:

Annexure-A

NCC
Prime Bank Limited
Agartala Branch, Ctg.

বিকল্প নগর সহায়তার পরিশোধযোগ্য অংক হিসাবপত্র

Additional Cash Incentive

প্রাপ্যকর্মচারীর নাম : Do
এক্সপেন্সার/এম. সি. নং : Do
তারিখ : Do

স্বাক্ষরিত তারিখ : 18.3.2015
সি.আর.সি. নং : NCC/FEX/AGB/PRC/2015
সফট : 1982
15.3.2015

বিবরণ	USD	USD
মোট প্রাপ্যবৈধিত করণী মূল্য	3585858.39	
হানি : প্রাপ্যকর্মচারী (সি এফ এক করণী ফেরত)	77.10	
পরিশোধযোগ্য কমিশন	68296.12	
পরিশোধযোগ্য বীমা		
মোট এক ও বি করণী মূল্য		3585781.29
পরিশোধযোগ্য নগর সহায়তার পরিশোধ		3517562.27
মোট এক ও বি করণী মূল্য		674492
উপর ০.২৫% × করণী মূল্য প্রত্যাবাসন		687579
জারি সর্বশেষ বৈশিষ্ট্যক মূল্যের ওডি সাইট করা হয়		
3585781.29 × 0.25% × 76.70		
USD 3517562.27		
জি.এ. : একই সার্ভিসার নং ২৫/২০১৪ অনুযায়ী	685958	
জি.এ. : করণী পত্রের ক্রমিক : 682929		PCS of RMG



Query Regarding the file of Salim and Brothers:

ACNABIN Chartered Accountants	
NCC Bank Limited	
Job No: A-14107	
Query Sheet	
Client Name: Salim & Brothers Ltd.	Date:
Prepared By: Md. Nazmul Islam	No of Case:
File Ref	Detailed Inconsistency
①	Bank ID: NCCB/AGB/FEX/2015/3053
①	Amendment no. 4, 6, required under purchase contract no. SB-02/G-0112 $\begin{matrix} \text{Am} \rightarrow 6 \rightarrow \$413412.15 & (\text{But } 1657218.02) \\ \text{Am} \rightarrow 4 \rightarrow \$61222.07 & \text{Actual } (\text{But } 1776706.52) \end{matrix}$
②	Packing list required under Exp. no. 1607-00211-14 (Invoice no. SBL-WMCEP-195-14)
③	No. of Pcs wrong in application & PRE under Exp. no. 00232-14
④	Invoice value wrong in application under Exp. no. 1607-0213-14 (8602.15)
⑤④	Commercial invoice required under Exp. no. 1607-00191-14 (Invoice: no. SBL-WBCEP-201-14)
⑥	Freight certificate required under Exp. no. 1607-00348-14
⑦	Realisation value wrong in application under Exp. no. 1607-0255-14
②	① Claim amount less than bank approved amount. (claim amount will be 270.07)



Submission of Certificate



ACNABIN
Chartered Accountants

BDWL Bhawan (Level-13 & 14)
12 Kawran Bazar Commercial Area
Dhaka-1215, Bangladesh.

Telephone : (88 02) 8144347 to 52
(88 02) 8189428 to 29
Facsimile : (88 02) 8144353
e-mail : acnabin@bangla.net
Web : www.acnabin.com

14.34/2015/2244

The Branch In-charge
NCC Bank Limited
Agrabad Branch,
Rafique Tower
92, Agrabad C/A
Chittagong

13 August 2015

Dear Sir,

Submission of auditor's certificate and invoice for the audit of Additional Cash Assistance claimed by Salim & Brothers Ltd.

In terms of letter #NCCB/HO/FAD/1015/2014 dated 20 July 2014 of the Financial Administration Division of NCC Bank Limited, Head Office, we have conducted the audit of 1 (one) application in respect of Additional Cash Assistance claimed by Salim & Brothers Ltd. of Agrabad Branch, Chittagong of the Bank. Now we have pleasure in submitting herewith the relevant certificate and a consolidated statement of audited case with regard to the said audit for your necessary action.

We would like to take the opportunity to attach herewith our invoice # 73 dated 13 August 2015 for our professional fee for the above mentioned assignment.

An early settlement of the dues will be highly appreciated.

Thanking you,

Sincerely yours,

Muhammad Aminul Hoque, FCA
Partner

Encl : As stated above

Copy to: Assistant Vice President
NCC Bank Limited
Head Office, International Division
7-8, Motijheel C/A, Dhaka-1000



Appendix D: Initial Check of a File

Terry Towel

Sl. No: 04 Bank ID # 25/2015

Prepared By: Md. Rakibul Hossain Nayon Reviewed by:

প্রত্যয়ন পত্র

আবেদনকারী Safreen Tex Ltd স্বাক্ষর/আদেশ নং PTG/STL-0710/081513

তারিখ 10.07.13 মূল্য USD 61770.50 ব্যাংকের শাখার নাম NCC Bank

Limited, Motishheel Branch, Dhaka এর মাধ্যমে ইএক্সপি নং Annexure A

এর অধীনে রপ্তানী মূল্য USD 61770.5 প্রত্যাবাসিত মূল্য USD 61770.5 প্রত্যাবাসনের

তারিখ Annexure A সম্পর্কিত নগদ সহায়তার দাবীর পরিমাণ BDT 237816

3088.52x77

ToR অনুযায়ী নিরীক্ষাতে পরিশোধযোগ্য নগদ সহায়তার পরিমাণ BDT 237816 (Annexure-B) যাহা সঠিক ও নিতুল।

Bank Approved: BDT _____ Financial Year: 2013-14

Sl #	Details	✓/X	Sl #	Details	✓/X
1	Bank Forwarding letter available		9	Original PRC Given	
2	Application Form "Ka" according to Circular No 21 dated 09-11-2010 or 25 Dated 08-06-2014		10	Original Back to Back Bank certificate given	
3	1 financial year		11	All back to back LC given	
4	Realization to Application within 180 days		12	BGMEA/ BKMEA Certificate given	
5	Shipment to realization within 120 days		13	Total export value not more than master LC value	
6	Master LC and all amendment copy available		14	Undertaking given	
7	Invoice, Packing list, BL, Shipping Bill, Exp Form available		15	No export in USA, Canada & EU countries (For New market exploration)	
8	No mismatch found in export document		16	Total export & Realized Value same as Annexure-A	



Annexure A

1606

Annexure A

Sl	EXP NO	Export Value	Realization Value	Realized Date	Rate	Shipment Date	DOZEN	Freight	Net Weight
1	00008-14	8199.75	8199.75	24.04.14		15.01.14	780	Collect	2564.62
2	00510-13	6198.75	6198.75	18.13.14		18.12.13	750	"	1938.77
3	00468-13	10512.50	10512.5	11.02.14		27.02.13	1000	"	3988
4	00397-13	24156.50	24156.5	08.12.13		08.10.13	5870	"	7424.04
5	00368-13	12703	12703	17.11.13		25.09.13	2300	"	3852.52
6									
7		61770.5	61770.5				10700		19074.95
8									
9									
10									
11									
12									
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23									
24									
25									
26									
27									
28									
29									
30									



Calculation

Annexure

Modified NCE
Prime Bank Limited
188, Dilkusha Branch, Dhaka
বিকল্প মূল্য সহায়তার পরিশোধযোগ্য অংক হিসাবাবলি

Terry Towel

আবেদনকারীর নাম : **Norman Terry Towel Mills Ltd**
এক্সপোর্ট এল. সি. নং : **Do**
কর্তা : **Do**

আবেদনের তারিখ : **20.02.14**
শি.আর.সি. নং : **22/2015**
তারিখ : **23.04.15**

টাকা	USD	USD
মোট প্রত্যাবলিত রপ্তানী মূল্য	61770.5	
বাসঃ জাহাজ ভাড়া (সি এন্ড এক রপ্তানীর ক্ষেত্রে) বিশেষে পরিশোধযোগ্য কমিশন	-	61770.5
সিটি এক ও বি রপ্তানী মূল্য		-
বাসঃ আঞ্চলিক উপকরণাদির সম্ভবহারে ব্যবহৃত প্রয়োজনীয় রপ্তানী আয়ের অংশ রপ্তানী আয়ের মধ্যে দেশীয় বস্ত্র ব্যবহারের বিপরীতে নির্ধারিত অংশ		61770.5
রপ্তানী আয়ের জন্য দেশীয় বস্ত্র ব্যবহারের সর্বোচ্চ গ্রহণযোগ্য মূল্য (ক) সিটি এক ও বি রপ্তানী মূল্যের মধ্যে স্থানীয় সূতা দ্বারা উৎপাদিত অংশের মূল্য (খ)		61770.5
পরিশোধযোগ্য মূল্য সহায়তার পরিমাণঃ		
(ক), (খ) এর মধ্যে যেটি কম, উহার ৫% X রপ্তানী মূল্য প্রত্যাবলন কারিখে সংশ্লিষ্ট বৈদেশিক মুদ্রার এডি সাইটে জমা হবে		
		237816

USD 61770.5 × 5% × BDT 77.00

টাকা ১ রপ্তানী পণ্যের বর্ণনাঃ **10700 DOZEN of Terry Towel**



Query of initial Check:

ACNABIN
Chartered Accountants

NCC

Bank Limited

Job No: A-14107

Query Sheet

Client Name: Onea Textiles HFG & Exporter LTD Date: 06.08.15

Prepared By: Nayan No of Case: 12

File Ref	Detailed Inconsistency
	*** Common Queried ***
	① Realized amount wrong in the application.
	② OD sight rate is required.
	③ Bank forwarding is required.
①	Bank ID: 27/2015 LC: DC TBH460023
	① Master LC value wrong in BTMA
②	Bank ID: 32/2015 LC: DPC TBH 460048
	① Freight amount wrong in the bank calculation. So, new bank calculation required.
③	Bank ID: 34/2015
	① Proforma invoice required under B2B : 160614030015
	② Export quantity is higher than used yarn. clarification required.
④	Bank ID: 35/2015 LC: DPC TBH 460043
	① Master LC value wrong in BTMA
	② Proforma Invoice is required under: 16061503001
⑤	Bank ID: 37/2015
	① Proforma invoice is required under: 16060011015